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QIAN QICHEN REVIEWS CHINA'S FOREIGN POLICY

OW060928 Beijing BEIJING REVIEW in English 6 Jan 86 pp 14, 15

[Text] Towards the end of 1985, Vice-Foreign Minister Qian Qichen answered questions concerning China's foreign policy and major international issues in an exclusive interview with BEIJING REVIEW. The full text of the interview follows.

BEIJING REVIEW: China was quite active in its diplomacy this last year. How would you evaluate the significance and success of China's independent foreign policy?

Qian Qichen: Independence is the cornerstone of China's foreign policy. At different periods following the founding of New China, we had resisted pressure from various sources to safeguard our state sovereignty and independence. Taking into consideration our past experience and analyzing the current world situation, we now have further stressed the principle of independence -- adding to it yet new dimensions.

The basic points of our independent foreign policy of peace stand as follows: China never allies itself or establishes strategic relationships with any big power; it opposes all forms of hegemonism, and defends world peace; it seeks to establish and expand friendships and cooperation with all nations on the basis of the Five Principles of Peaceful Coexistence; and it firmly sides with the Third World nations.

People throughout the world today desire peace and development. However, the two superpowers -- the United States and the Soviet Union -- threaten world peace with their arms race and contests in some of the "hot spots" of the world. In this situation, China, with its 1 billion people, vast territory and rich natural resources, and devoted to socialist modernization drive, is an important peace-keeping factor, a war-checking factor. Because it can best help preserve world peace and stability by pursuing an independent foreign policy for peace, the policy has won the support of the Chinese people. And because the policy meets the desire of the people around the world who strive for lasting peace, stability and common development, it has received their deep appreciation. China is rock-firm in pursuing its independent foreign policy of peace, and no big power should expect China to change its course.

BR: What is the Chinese attitude towards the arms race between the United States and the Soviet Union and their rivalry in some of the "hot spots" of the world?

Qian: China is unequivocally opposed to the arms race, especially the nuclear arms race. On this issue we appeal to both the United States and the Soviet Union to halt the arms race. For it takes two to run a race, not one. If there were only one party interested in a military buildup, it would not be an arms race. Now that both the United States and the Soviet Union have the capability to destroy each other more than a dozen times, it is absurd for them to continue the arms race. On the question of regional conflicts, we criticize the responsible parties, no matter who they may be. We base our attitude on the merits of each individual case. Some people are critical of the Chinese approach, asserting that class concept should be applied to each case. We do not agree to this point of view. In our view, whether a particular move or policy in a region is right or wrong cannot simply be determined by judging which social system and ideology the responsible party adheres to, but by judging if the action helps to ease international tension, maintain world peace and promote common prosperity. We oppose any nation, no matter what its politics, that interferes in other nations' internal affairs under whatever pretext, or sends troops to invade other countries, wages a prolonged war there and suppresses the resistance by weak nations.

BR: Deng Xiaoping once boiled the international situation down to an "East-West, South-North" issue. What does that mean? What are the effects of the North-South relations on East-West relations?

Qian: the "East-West, South-North" concept is a vivid, scientific generalization of the overall world situation. In essence, it means the world faces two fundamental problems that concern the future of the human race -- peace and development.

East-West relations refer to those between the United States and the Soviet Union, and between the two major military blocs in the world. When their relations become strained, the danger of war escalates. The world's people want to see the tension in their relations eased because they want to check war and to preserve peace.

North-South relations refer to those between the developing and developed countries, or between the poor and the wealthy nations. The Third World countries, about 130, occupy a vast territory and possess huge natural and human resources. But they are still developing nations, to varying degrees. To speed up their development, they stress self-reliance and South-South cooperation or cooperation among themselves. At the same time, they are calling on the developed countries to adopt a positive attitude towards North-South dialogue, to change the unfair international economic order and to promote the common development of the world economy.

The issue of North-South relations is not merely an issue of economic development. From a long-term point of view, a peaceful and stable world cannot be built with just a few nations enjoying an abundance of wealth while the majority live in poverty.

BR: Why does China attach special importance to its unity and co-operation with the other Third World nations? How are the relations between China and these countries?

Qian: Altogether, the Third World countries, which are scattered throughout a vast area in Asia, Africa, Latin America and Oceania, possess three-fourths of the world's population. Having shaken off the yoke of colonialism. they now are facing the task of safeguarding their national independence and state sovereignty, while developing their national economies. This is a major goal that aims to consolidate political independence by achieving economic independence. The emergence and growth of the Third World is a major event in contemporary world history, and its influence on the whole international situation is growing. The Third World nations are the main force for the prevention of war and the maintenance of peace. They also are an indispensable factor in the struggle for the development and common prosperity of the world.

China is a developing, socialist country, belonging to the Third World. It is China's basic foreign policy to strengthen its unity and cooperation with the other Third World nations. The Chinese people always have scorned the ideology and behavior that show dislike towards the poor and favour towards the rich, and that display arrogance to the weak and cowardice to the strong. In its actions, China upholds the principle that all nations, big or small, are equals. We share a common destiny with the other Third World countries, and we show good faith in our dealings with them. We support their just struggle and uphold their legitimate rights and interests in international affairs. In handling our relations with the other Third World nations, we strictly abide by the Five Principles of Peaceful Coexistence and never interfere in their internal affairs. We respect their domestic and foreign policies and back their efforts to strengthen solidarity and cooperation among Third World nations. When we engage in cooperation or provide aid to them, there are no strings attached to our assistance, nor do we ask for any special privileges. Instead, we try our best to help them stand on their own feet and to work for mutual development. It is precisely because of this approach that China in recent years has expanded and cemented relations with a growing number of Third World nations.

BR: How are the current relations between China and the Soviet Union? And what are the crucial issues that are affecting normalization of their relations?

Qian: Sino-Soviet relations in the areas of economy, trade and technology have developed somewhat in recent years, and personnel exchanges are increasing, to the benefit of both sides. Sino-Soviet political relations, however, have not improved. Such relations have not yet been normalized, because three obstacles still stand in the way. (Footnote 1) (The three obstacles are massive concentrations of Soviet troops along the Sino-Soviet border and in Mongolia, Soviet backing of Vietnam in its agression against Kampuchea, and Soviet armed occupation of Afghanistan. -- BR) On China's part, we sincerely wish that Sino-Soviet relations make genuine improvements, and for this purpose China has made sincere efforts and adopted a series of measures in recent years. What is inconceivable is that the Soviet Union, while repeatedly expressing the desire to improve relations with China, has tried, under various pretexts, to dodge discussion on ways to remove these existing obstacles. They agree to talk about the easing of international tensions and the elimination of regional conflicts, but at the same time show an unwillingness to talk about the Afghanistan and Kampuchea issues. It seems the Soviet side has a misconception that it can get around these obstacles, or that the obstacles will vanish by themselves. This calculation of the Soviets is unrealistic, and unwise. On matters of principles, on matters that concern China's security interests and the upholding of international justice, China is unshakable in its resolve.

NORWAY, CSSR, AUSTRALIA ORDER SHIPS IN 1985

OW041306 Beijing XINHUA in English 1247 GMT 4 Jan 86

[Text] Beijing, January 4 (XINHUA) -- China won foreign orders to build ships capable of carrying a total of 200,000 tons last year, an official of the China State Shipbuilding Corporation said here today. The biggest order was for a 155,000 deadweight tonnage oil tanker for Norway, the official told XINHUA. Other orders included a 64,000 dwt bulk cargo carrier, vehicle ferries and tow-anchor-supply vessels for offshore oil operations.

For the first time, Australia, Czechoslovakia and Papua New Guinea placed orders for Chinese-made ships last year. The official added that since 1980, China had received orders to build ships with a total of 1,200,000 dwt from countries all over the world.

U.S. SHIPS MANEUVER FOR 'STRIKE AGAINST LIBYA'

OW040722 Beijing XINHUA in English 0652 GMT 4 Jan 86

[Text] Washington, January 3 (XINHUA) -- The U.S. aircraft carrier USS Coral Sea left Italy on a "routine deployment" for the central Mediterranean, U.S. Defense Department sources said here today. But, reports said that the Navy movement is designed to make preparation for launching a retaliatory strike against Libya.

The United States has accused Libya of being linked to last week's terrorist attacks on Rome and Vienna airports which killed 18 people including five Americans and wounded more than 100 others. The United States has threatened to take military actions against Libya. Libya, however, denied any involvement in the airport attacks. Libyan leader Mu'ammar al-Qadhdhafi has warned any retaliatory attacks on Libya would mean outright war in the Middle East and Mediterranean.

It was reported that the carrier Coral Sea and its battle group include two cruisers and two destroyers with four squadrons of F-18 strike fighters aboard. Another aircraft carrier battle group, carrier America, has been ordered to make initial preparations for an unscheduled deployment to the Mediterranean, the sources said. According to Pentagon sources, U.S. President Ronald Reagan had made no decision to proceed with any type of military response, although the U.S. Defense Department was reported earlier this week to be preparing military options against Libya.

The relations between the United States and Libya reached the lowest ebb after the airport attacks. The United States has urged the Western allies to follow the American lead and impose economic and political sanctions against Libya. The United States imposed a ban on importation of Libyan oil and severed diplomatic relations with Libya five years ago when U.S. Navy 6th Fleet jets shot down two Libyan jet fighters over the Gulf of Sidra, Libya.

U.S. COMPANY TO AID TECHNOLOGICAL DEVELOPMENT

HK060645 Beijing CHINA DAILY in English 6 Jan 86 p 2

[By staff reporter Zhang Chuxiong]

[Text] Guangzhou -- Kowin Companies of the US, headquartered in Los Angeles, is strengthening its economic and technical co-operation with China. Kenneth Atkinson, managing director of Kowin China Investments Ltd, told CHINA DAILY here that his company, a subsidiary of Kowin Companies, signed separate co-operative agreements with China's Anhui Province and Beijing's Foreign Enterprises International (FEI) last November in Los Angeles when the two delegations sent by Anhui Province and FEI, visited the U.S.

Under the terms of the agreements, Atkinson said, his company will work as reciprocal agents for Anhui Province and the FEI to locate, procure and import technology and equipment. The agreements allow Kowin to provide funding sources and joint venture partners from the UK, Europe and the U.S. for high technology, industrial and other projects in Anhui and Beijing areas. In accordance with the agreements, Kowin will help companies interested in projects and joint ventures with their negotiations. Kowin will also consider investments in these projects, Atkinson said. The company has offices in London, Hong Kong, Beijing and Xian. Kowin has developed a first class international tourist hotel in Xian, capital of Shaanxi Province, and a technical joint venture in Beijing. It also recently established a joint venture in Hong Kong to undertake diversified investments in China and Hong Kong and to provide a vehicle for China to invest in the U.S. and Europe, the director said.

PRC, U.S. TO BEGIN JOINT WEATHER RESEARCH

OW041200 Beijing XINHUA in English 1115 GMT 4 Jan 86

[Text] Honolulu, January 4 (XINHUA) -- A Chinese research ship will begin its first look Monday at the mysterious relation between the Pacific Ocean and the weather of the world. Part of a Sino-U.S. study project, the ship will measure heat variations in ocean currents along the equator, west of the International Date Line.

The ship, Xiangyanghong No. 14, left Guangzhou on the southern China coast December 12. The ship arrived here December 27, encountering strong winds and high waves on its first ocean voyage. During a two-month cruise back to their home port of Guangzhou, scientists aboard the ship will meter equator currents, study water temperatures and salinity and test for nutrients in the ocean.

Over 2,000 people celebrated the ship's inaugural cruise here Friday. Anthony J. Calio, administrator of the U.S. National Oceanic and Atmospheric Administration, said the voyage was one of more than 450 U.S.-China cooperative ventures. Yan Hongmo, director general of the State Oceanic Administration of China, said joint studies of the Pacific "will be helpful to both sides in understanding the ocean and predicting its influences --and this will serve all the people of the world."

GAS LEAK AT NUCLEAR PLANT CAUSES CASUALTIES

OW050924 Beijing XINHUA in English 0911 GMT 5 Jan 86

[Text] Washington, January 5 (XINHUA) -- A leak of radioactive gases at an Oklahoma nuclear fuel plant killed one worker and sickened about 30 others, releasing a cloud of radioactivity into the neighboring area, according to reports reaching here today. The leak occured Saturday morning when a cylinder filled with uranium ruptured at a nuclear fuel processing plant, owned by a subsidiary of the Oklahoma city-based Kerr-McGee Corp. The plant is located in a sparsely-populated area 40 miles west of the border city of Fort Smith, Arkansas.

James Jarrison, a 25-year old Kerr-McGee employee, died after being sent to a hospital for "toxic chemical exposure with hydrofluoric acid burns to the face and lungs," said a hospital spokeswoman. Nearly 80 residents and Kerr-McGee workers were sent to the hospital, and about 30 were admitted for treatment. Most of them complained of chest pains.

Donna McFarland, a Kerr-McGee spokeswoman, said that the cause of the rupture was still unknown. She explained that, when released into atmosphere, uranium hexafluoride gas breaks down into hydrogen fluoride and low-level radioactive uranyl fluoride particles, which are highly toxic. Another spokesman for Kerr-McGee said that the leak sent radioactive gases into the air, but indicated there was no danger from the radioactivity to the surrounding area.

State police shut down a nine-mile stretch of cross country highway for fear of toxic radioactive contamination but later re-opened it to traffic. The plant will not resume uranium processing until after a thorough investigation has been completed, authorities said.

In March 1979, a radioactive leak in a nuclear plant on the Three-Mile-Island in Pennyslvania sent shock waves through the United States and other industrialized nations. Tens of thousands of people were evacuated during that accident for fear of radioactive exposure.

USSR'S SHEVARDNADZE PLANS TO VISIT DPRK IN JAN

OW040446 Beijing XINHUA in English 0237 GMT 4 Jan 86

[Text] Moscow, January 3 (XINHUA) -- Soviet Foreign Minister Eduard Shevardnadze is to pay an official visit to the Democratic People's Republic of Korea in mid-January, the TASS news agency announced today. The visit, which follows Korean Premier Kang Song-san's Moscow tour last December, is aimed at further developing relations between the two countries.

During his visit to Moscow, Premier Kang and his Soviet counterpart Nikolay Ryzhkov signed an agreement on bilateral economic and technological cooperation and an agreement on the building of a nuclear power plant in Korea. Ryzhkov agreed in principle to pay a visit to Pyongyang, the first by a Soviet premier since Aleksey Kosygin went there in 1965.

According to an earlier TASS report, after visiting Korea Shevardnadze will fly to Tokyo on January 15 for a five-day visit, the first by a Soviet foreign minister in nine years. A well-informed source said that the Soviet foreign minister will also make a stop-over in Mongolia on his way home from Japan.

USSR GIVES PRIORITY TO S&T DEVELOPMENT

OW050912 Beijing XINHUA in English 0839 GMT 5 Jan 86

["Round-up: Soviet Union Eager To Advance Scientific-Technological Progress" -- XINHUA headline]

[Text] Moscow, January 5 (XINHUA) -- The Soviet leadership has given greater attention in 1985 to scientific-technological progress as the main lever to boost the country's sluggish economy. In the past few decades, the Soviet Union, with a massive army of scientific personnel and abundant material resources, has achieved significant successes in science and technology. But, its progress has slowed down compared with the rapid advance of the world's new technological revolution since the early 1970s. Experts say that the Soviet Union is now at least ten years behind Japan and the United States in microelectronics and other key areas of science.

The lagging pace is attributed mainly to the slow development of new technology, the divorce of scientific research from production and poor management. As the Kremlin admits, "A great deal of newly created equipment has turned out to be morally [as received] obsolete already at the stage of designing," and "even products referred to the highest category sometimes have paled in comparision with the best world models." "A considerable part of the industrial equipment and installations has become obsolete," and the "competitiveness of many machines for export has been low." The official daily PRAVDA reported that one third of the products from the Ministry of Tractor and Agricultural Machinery are out of date.

The slowdown in scientific and technological progress has also added to the difficulties in economic development of the country. Its economic growth rate has trudged along at a low pace for many years. In spite of a light recovery last year, the Soviet Union failed to attain major targets set by its 11th Five-Year Plan ending 1985.

Since taking office last March as general secretary of the Soviet Communist Party, Mikhail Gorbachev has given his main attention to economic revitalization and in order to achieve this goal, he made the acceleration of scientific-technological progress his number one priority. At a party Central Committee plenary meeting last April, Gorbachev announced a strategic decision of "speeding up socio-economic development on the basis of scientific-technological progress."

Then at the June national conference of science, he called on the whole party to expedite progress of science and technology as the main lever to intensify economic development and to improve economic efficiency. The great urgency of the matter for the Soviet leader has arisen from domestic requirements to lift the country as quickly as possible out of the trouble-laden economic situation as well as from external pressure -- the Kremlin is deadset to prevent Washington from achieving military superiority in a worldwide rivalry.

The Soviet leadership decided last year to "give up without hesitation the outmoded economic management stereotype and to lay the main emphasis on re-equipping existing plants." Machine-building was regarded as a key link of scientific-technological development. In its attempt to raise the growth rate of machine building by 50 to 100 percent during the 12th Five-Year Plan period beginning 1986, the Soviet leadership attached special importance to "mass production of equipment of new generations capable of assuring a many-fold increase in labor productivity and opening the way to automatic production in all stages." Meanwhile, microelectronics, computer technology, instrument-making and information science are seen as catalysts of technical progress. The investment in the instrument-making industry is expected to rise by 55 percent in 1986. Last December, the Soviet Government decided to merge research institutions, designing units and industrial enterprises into trans-departmental organizations so as to integrate science and technology with production. Other important measures include the creation of "comprehensive inter-branch scientific-technological centers within the framework of the Academy of Sciences."

To make this economic management system in full accord with scientific-technological progress, the Kremlin also started streamlining the administrative system in the economic departments to remove redundant links, expand the decision-making powers of industrial enterprises, put them on a cost-accounting basis and reduce the centrally set plan assignments. The Kremlin urged scientists to make greater efforts to develop fundamental science and promised them higher pay. In the meantime, several high-ranking officials have been removed from their posts for failing to respond actively to Gorbachev's call. Among them were minister of ferrous metallurgy, Ivan Kazanets, and minister of light industry, Nikolay Tarasov.

The Soviet Union also called for increased cooperation with other countries in science and technology, particularly with its East European allies. A comprehensive scientific and technological program for the 1986-2000 period, adopted at the summit meeting of the Council of Mutual Economic Assistance in Moscow last December, placed priorities on the development of electronics, mechanization in production, atomic energy and biological projects. At the end of last year, the Kremlin unveiled a draft plan for economic development for 1986-1990 and through the year 2000. The plan calls for modernizing the Soviet economy through scientific and technological progress to meet demand that industrial production and labor productivity be increased by over 20 percent in the next five years and that the national income doubled by the end of the century. The plan for 1986 contains, 1,150 major items of science and technology, for which investment is going to rise by 5.5 percent over 1985.

The Soviet Union has apparently strengthened its resolve to scale new heights of science and technology and the new efforts made last year have produced some results. However, as the Soviet media noted that obstacles to economic reforms still exist in the country, the road ahead for the Soviet leadership for faster scientific and technological progress is not likely to be without difficulties.

XINHUA COMMENTS ON NORTH-SOUTH KOREA DIALOGUE

OW050244 Beijing XINHUA Domestic Service in Chinese 1156 GMT 4 Jan 86

[Commentary: "Let the North-South Dialogue Continue To Make Progress (by XINHUA reporter Gao Haorong)"]

[Text] Pyongyang, 4 Jan (XINHUA) -- In the beginning of a new year, North and South Korea have already expressed their intention to continue the North-South dialogue. In his new year's message, President Kim Il-song said: "The North will strive to achieve fruitful results from the ongoing economic talks and the talks between the Red Cross Societies, to facilitate a parliamentary talk, and thus realize the summit between the North and the South." The South Korean side has also indicated that it will "continue to carry out the South-North dialogue for improving bilateral relations, promoting reconciliation, and laying the foundation for peaceful reunification."

This is a heartening beginning. As is known to all, North and South Korea have held four rounds of economic talks, three rounds of talks between the Red Cross Societies, and two preparatory meetings for a parliamentary talk over the past year. These talks, which were held in a good atmosphere, have been fruitful to various degrees. By exchanging visits between art troupes and homeland visiting groups for the first time in 40 years last year, the two sides have written a new page in the history of North-South relations and aroused the great interest of various countries of the world. That a number of international mass media listed the North-South Korean dialogue as one of the top ten news events of last year is a clear example of such interest.

How to further promote and obtain concrete results in the North-South dialogue in order to pave the way for a summit and achieve a breakthrough in peaceful reunification is an important assignment confronting both North and South Korea this year. It is also one of the issues of universal concern among people hoping for relaxation of tension on the Korean peninsula.

According to the arrangements already decided upon, North and South Korea will hold their 6th round of economic talks, 11th round of talks between the Red Cross Societies, and 3d preparatory meeting for a parliamentary talk in January and February. It is heartening to note that as soon as the very start of the new year, North and South Korea have already arranged several talks. It is hoped that the South Korean authorities will take into consideration the overall interests of improving North-South relations for relaxing the tension on the Korean peninsula, and avoid joint military exercises with the United States similar to the large-scale "Team Spirit" last year. Yi Song-nok, chief of the delegation from the North to the economic talks, said on 2 January that such military exercises will "worsen North-South relations and create serious obstacles to the talks." He expressed the hope that the South Korean authorities "will refrain from doing such a thing that repudiates the dialogue" again this year.

All those who are anxious for relaxation of the situation on the Korean peninsula hope that the North-South dialogue will continue to make progress.

KOREAN-CHINESE SIDE CONDEMNS U.S. AT MAC MEETING

OW040710 Beijing XINHUA in English 0641 GMT 4 Jan 86

[Text] Pyongyang, January 3 (XINHUA) -- Yi Tae-ho, senior member of the Korean-Chinese side of the Korean Military Armistice Commission [MAC] in Panmunjom, today condemned the United States for its refusal to limit military exercises in the country.

Yi also reiterated the proposals made by the North side last year to limit military facilities, remove all heavy and automatic weapons and reduce the present number of security guards in the joint security area around Panmunjom. The U.S. last year rejected similar proposals as being "disadvantageous towards its military."

DPRK OFFICIAL ON NEED FOR SINCERITY IN DIALOGUE

OW040910 Beijing XINHUA in English 0845 GMT 4 Jan 86

[Text] Pyongyang, January 4 (XINHUA) -- Yi Chong-yul, head of the Democratic People's Republic of Korea's delegation to the North-South Red Cross Dialogue said Friday that this year's meetings will make progress if both sides approach the talks with sincerity. In a press statement, Yi stressed that both parties to the dialogue must avoid increasing tension and upsetting the talks. "If the South side again stages provocative war exercises with the United States as it did last year, the North-South Dialogue itself will face a grave danger," Yi added.

Three official meetings and three working representatives meetings, which discussed the exchange of visits between separated families and various art ensembles from both sides were held last year, under joint Red Cross participation. The next official meeting is scheduled for February 26 in Pyongyang. A protocol for allowing visits between separated family members and relatives from the North and South of Korea will be discussed at the meeting.

DPRK OFFICIAL ON KOREAN ECONOMIC COOPERATION

OW030830 Beijing XINHUA in English 0723 GMT 3 Jan 86

[Text] Pyongyang, January 3 (XINHUA) -- Yi Song-nok, an official of the Democratic People's Republic of Korea (DPRK) said that the North side will try its best to make economic cooperation conference between the two sides of Korea a success and realize economic exchange and cooperation between the two sides.

In a speech yesterday, Yi, DPRK deputy finance minister and leader of the DPRK delegation to the conference, stressed that the aim of the talks is not only to realize the exchange but also contribute to the unification of the country. "The establishment of a joint committee for cooperation is the most urgent task for the time being," he said. He stressed that incidents similar to the joint military exercise between South Korea and the United States last year should not take place again. "The military exercise last year stalled the North-South talks for half a year and aggravated the relationship between the two sides," Yi said.

The two sides of Korea, which held a meeting on November 20, last year, are scheduled to meet again on January 22 and continue the discussion on the setting up of the joint committee for the North-South economic cooperation.

JAPAN'S ABE CALLS FOR BETTER TIES WITH SOVIETS

OW291330 Beijing XINHUA in English 1323 GMT 29 Dec 85

[Text] Tokyo, December 29 (XINHUA) -- The year 1986 is of particular importance for Japan to better its relations with the Soviet Union, Japanese Foreign Minister Shintaro Abe stressed today.

In an interview with Japanese reporters, Abe, who retained his position in the fourth cabinet of Prime Minister Yasuhiro Nakasone formed yesterday, said Japan will seek the present opportunity to improve its ties with the Soviet Union.

Japan should make its stance on the territorial issue and the conclusion of a peace treaty fully understood by the Soviet Union, so as to push bilateral ties one step forward, the foreign minister said. He said it is possible for the two heads of government to exchange visits next year, but it depends on the outcome of the meeting of foreign ministers of the two nations in January 1986. Abe also said that his country is now having a hard time in its economic and trade relations with the United States. What is important is not to let the trade problem grow into a political one, which may affect the country's security, he added.

The foreign minister said that Japan will also focus attention on developing its relations with Asian countries. He said Japan's ties with China and the ASEAN nations are stable, and Japan will take care not to harm them.

NAKASONE URGES 'ERADICATION' OF SOVIET SS-20'S

OW041632 Beijing XINHUA in English 1624 GMT 4 Jan 86

[Text] Tokyo, January 4 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone today called for the quick eradication of the Soviet SS-20 medium-range missile and other dangerous weapons, the Japanese KYODO NEWS SERVICE reported today. He made the call this afternoon in an interview with the Japanese news media after paying a visit to the Ise imperial shrine, 11 days before the visit to Tokyo of Soviet Foreign Minister Eduard Shevardnadze.

The prime minister said there is need to remind Shevardnadze that the question of the Soviet SS-20 missiles, which is being negotiated by the United States and the Soviet Union, should not be solved at the expense of Asia. Japan thinks that the SS-20 missiles as well as other dangerous weapons should be eliminated as quickly as possible, he added. Nakasone reiterated that during the Japanese-Soviet talks Japan will work to solve the territorial problem of the four Soviet-held Kurile Islands and conclude a Japanese-Soviet peace treaty. His discussions with the Soviet foreign minister will also cover the issues of Kampuchea, Afghanistan and the Korean peninsula, the report said.

He told reporters he welcomes the Soviet foreign minister's visit to Japan, and believes that Japan and the Soviet Union can take this chance to deepen their mutual understanding. He expressed the hope that his talks with Shevardnadze signal a new beginning in Japanese-Soviet relations.

JAPANESE GOVERNMENT PROPOSES AUSTERE 1986 BUDGET

OW282130 Beijing XINHUA in English 2053 GMT 28 Dec 85

[Text] Tokyo, December 28 (XINHUA) -- The Japanese Government today put forth an austere 54,088 billion yen budget with particular emphasis on national security at the expense of social welfare and some other programs.

Under the new budget, investments and loans will increase to 22,155 billion yen, a 6.2 percent increase over last fiscal year, while social welfare spendings will decrease 2.3 percent to 6,223 billion yen. However, the defense expenditure is to increase by 6.58 percent to 3,343 billion yen (16.5 billion U.S. dollars), which will account for 0.993 percent of the projected Gross National Product (GNP). In addition, Official Development Assistance (ODA) to developing countries is up seven percent to 621 billion yen.

Under the new budget, the government will borrow 484 billion yen less in the form of public bonds, which is far below the level projected earlier by the government. The government had planned to cut new bond issuance by 1,000 billion yen each year. The budget will be subject to approval by the Diet next month.

U.S., VIETNAM BEGIN HIGH LEVEL TALKS IN HANOI

OW061328 Beijing XINHUA in English 1313 GMT 6 Jan 86

[Text] Hanoi, January 6 (XINHUA) -- Two American officials arrived here today to begin talks with the Vietnamese on the American soldiers missing in the Vietnam war. The talks were of the highest-level ever held in the last ten years. The participants were U.S. Assistant Secretary of Defense Richard Armitage and Assistant Secretary of State for East Asian and Pacific Affairs Paul Wolfowitz, and Vietnamese Foreign Ministry officials led by Vice Foreign Minister Hoang Bich Son. Neither side disclosed any details about the talks.

According to a previous announcement made by both sides, the talks were supposed to center on the American soldiers missing in the Vietnam war. However, as Vietnamese Minister attached to the Ministry of Foreign Affairs Vo Dong Giang announced here on January 4, Vietnam would not refuse to discuss any other questions raised by the American side, including the normalization of diplomatic relations between the two countries. As estimated by Western diplomats here, the officials of both sides are likely to have exchanged views on the questions of establishing an official office or liaison in each other's capitals as well as issues about Southeast Asia and Kampuchea. There had been frequent contacts between the two sides last year. U.S. administrative officials, congressmen, experts, businessmen and scholars visited Vietnam one after another. Not long ago, the experts of both sides for the first time made a joint excavation of the remains of American soldiers in the suburbs of Hanoi. It was against this background that the two high-ranking American officials began their talks with high-ranking Vietnamese officials in Hanoi.

The talks had been scheduled to take place in Hanoi last august, but cancelled by the United States later. As American State Department explained, the talks could not be held as originally planned because Vietnamese Foreign Minister Nguyen Co Thach was visiting Moscow and could not return to Hanoi for the talks. According to reliable sources here, Nguyen Co Thach is expected to meet with Wolfowitz and Armitage sometime later today. Observers here said that the talks between the high-ranking officials of both sides indicate that following the Soviet-U.S. summit meeting in Geneva, Hanoi is taking advantage of this opportunity to raise the level of its contact with Washington in a gradual and prudent manner without seriously affecting its ties with Moscow.

BEIJING VIETNAMESE ON SRV-U.S. MIA TALKS

OW060828 Beijing in Vietnamese to Vietnam 1400 GMT 5 Jan 86

[Text] In his answer to a XINHUA reporter at a 4 January Hanoi news conference, Vietnamese Minister Vo Dong Giang, especially in charge of foreign affairs, affirmed that under a Vietnam-U.S. agreement, Paul Wolfowitz, U.S. assistant secretary of state for East Asian and Pacific affairs, and Assistant Defense Secretary Armitage would arrive in Hanoi on 6 January for talks with Vietnamese officials.

Mr Vo Dong Giang said: The U.S. side has said they will discuss with the Vietnamese side the MIA question solely. The Vietnamese side, however, is prepared to discuss any other subject to be put forth by the U.S. side. On the question of the establishment of a U.S. legation in Hanoi, he said that Vietnam has not yet given an official answer, and added that this is an issue of reciprocity. On the MIA question, Mr Vo Dong Giang said Vietnam has been gleaning for accurate information about it. He went on: The Vietnamese side considers the recent joint Vietnamese-U.S. excavation in the capital city of Hanoi in search of U.S. servicemen's remains an experiment, and is awaiting a reply from the U.S. side.

RENMIN RIBAO REBUTS SRV DENIAL OF INVADING THAILAND

HK050632 Beijing RENMIN RIBAO in Chinese 3 Jan 86 p 6

["Jottings" by Yang Ru: "It Is Futile To Deny the Facts"]

[Text] At the end of last year, the Vietnamese newspaper NHAN DAN published an editorial flatly denying that Vietnamese troops had recently invaded Thailand on a number of occasions and making a false countercharge against Thailand. It accused Thailand of "pursuing a policy of opposing Vietnam and opposing the people of the three Indochinese countries." This was a sheer sophism that stands the facts on their heads.

Vietnam's aggression against Cambodia has continued for 7 years. In the past 7 years, Vietnamese troops have crossed the Thai-Cambodian border and invaded Thailand many times. During the eighth dry-season offensive launched by Vietnam, Vietnamese troops massed along the Thai-Cambodian border made four incursions into Thai territory from November 1985, sometimes penetrating as far as 10 km behind the border to lay mines. In addition, Vietnamese troops have also launched more than 260 bombing missions against Thailand. All this has caused heavy losses of life and property to the Thai peeople and posed a serious threat to Thailand's peace and security. These facts are undeniable.

We still remember that when the Vietnamese aggressors invaded Thailand 1 year ago, they met with the Thai Army's counterattacks and left thousands of dead bodies in Thai territory. In the face of the evidence, the Vietnamese authorities could not but bashfully admit their troops' incursions into Thailand, saying that those were "accidental events," because "the maps they used did not mark the border clearly." Now, does NHAN DAN think that people have forgotten these facts?

As the Vietnamese Army repeatedly invades Thailand, the Thai Army is justified in staging counterattacks in defense of the country. How can this be described as "opposing Vietnam and the people of the three Indochinese countries?" However, this argument is in line with the logic of the Vietnamese authorities, because they claim that the genocide in Cambodia and their killing, burning, raping, and looting all serve the purpose of "rescuing the Indochinese people." Thus, people opposing their actions should naturally be charged with "opposing the Indochinese people." Oh, how many crimes have been committed in the name of the "Indochinese people"!

MALAYSIA, INDONESIA TO COUNTER SRV, USSR 'THREAT'

OW051459 Beijing XINHUA in English 1449 GMT 5 Dec 86

[Text] Beijing, January 5 (XINHUA) -- Malaysia and Indonesia have set up a new defense front in the South China Sea to combat "a growing threat posed by Vietnam's massive military and naval build-up at Cam Ranh Bay," the Federal German news agency DPA reported Saturday. The move came in an agreement for joint defense exercises signed last month by Indonesia's Armed Forces Chief General Tan Sri L. B. Murdani and Malaysia's Deputy Prime Minister Datuk Musa Hitam.

The joint air and sea exercises are to be conducted in Indonesia's Natuna Islands and are intended to show the area is defended against any "potential threats that may come from the direction of Vietnam," the report said. A diplomat was quoted as saying that "Indonesia and Malaysia have carried out joint defense exercises to monitor growing Soviet activity" in the Natunas area. In recent years, the diplomat said, the Soviet Far Eastern Naval Fleet has more than doubled -- from 80 to 180 surface ships including the aircraft carrier Minsk.

The Federal German news agency report said that the strategically located Natunas, with Malaysian air and sea support, will help guard against frequent Soviet naval operations and keep vigil over Vietnamese military activity in the area.

GREETINGS TO BURMESE LEADERS ON INDEPENDENCE DAY

BK031240 Beijing International Service in Burmese 1130 GMT 3 Jan 86

[Text] On the occasion of the 38th Independence Day of the Socialist Republic of the Union of Burma, Li Xiannian, China's president; Zhou Ziyang, premier; and Wu Xueqian, state councillor and foreign minister; respectively sent greetings to Burma's President U San Yu, Prime Minister U Maung Maung Kha, and Foreign Minister U Ye Guang. President Li Xiannian's message reads:

Friendly relations and cooperation between China and Burma have developed further in the political, economic, and cultural fields in the past year. My visit to your excellency's country and the visit of your excellency's chairman, U Ne Win, to our country unforgettably manifest the existing happy kindred friendship between China and Burma. I believe that the friendly cooperation between China and Burma and the traditional friendship between the peoples of the two countries will be developed and strengthened further in the new year.

In his message, Premier Zhou Ziyang extended his good wishes for the people and government of Burma to achieve new successes in their national economic development task and for the further development of the existing kindred friendship between the peoples of China and Burma.

In his message, Wu Xueqian, state councillor and foreign minister, extended his good wishes for the continued development of the friendly relations and cooperation between China and Burma and for Minister U Ye Gaung to achieve greater successes in his supervisory role in conducting Burma's foreign affairs.

JI PENGFEI DISCUSSES HONG KONG BASIC LAW

HK031224 Beijing XINHUA Hong Kong Service in Chinese 0903 GMT 2 Jan 86

[Report: "LIAOWANG OVERSEAS EDITION Carries Ji Pengfei's Speech to Hong Kong People" -- XINHUA headline]

[Text] Hong Kong, 2 Jan (XINHUA) -- LIAOWANG weekly's overseas edition in its first issue carries a speech by Ji Pengfei, state councillor and director of the Hong Kong and Macao Affairs Office of the State Council, at a meeting last month during his visit to Hong Kong. The full text of this report by LIAOWANG is as follows:

On 20 December 1985, Ji Pengfei, state councillor and director of the State Council's Hong Kong and Macao Affairs Office, met with a group of people from Hong Kong's joint conferences on the basic law respectively organized by trade unionists, educational workers, and students, and from some social groups, and talked with them about some questions concerning the formulation of the Basic Law. Ji Pengfei also answered their questions.

At the meeting, Ji Pengfei first listened to the opinions of the Hong Kong people and expressed his appreciation of these opinions. Then he said: I am very glad to meet you all today. This is the first time I have come to Hong Kong. As chairman of the Basic Law Drafting Committee, I should precede others in visiting Hong Kong and coming into contact with people in all social circles. I am not only contacting people in the upper and middle classes, but also people at the grass-roots level, in order to determine the general situation in Hong Kong. You are from the labor and education circles and you offer social services. Labor and education circles are an important part of society.

Ji Pengfei continued: The drafting of the Basic Law will not be accomplished merely because of my visit to Hong Kong. The Basic Law Drafting Committee will continually send work groups to visit Hong Kong and to contact people in the upper, middle, and grass-roots classes to determine the real situation and to collect detailed information. The people who will visit Hong Kong will find out what the people of Hong Kong are thinking and what opinions they hold. In order to maintain Hong Kong's stability and prosperity, especially to achieve this purpose after 1997, we must listen to your opinions on some major issues so as to ensure that the basic law conforms with the wishes of the people of Hong Kong and is in line with the overall interests. The drafting of the basic law will not be completed in 1 or 2 years. We still have more than 4 years to consult you all.

The Sino-British joint declaration forms the main foundation for the basic law. As far as some specific issues are concerned, the joint declarations could not provide concrete stipulations. The basic law will not be able to contain detailed provisions for every specific issue. If too detailed provisions are enacted, Hong Kong's future high degree of autonomy will be affected. However, the basic law should be more detailed than the joint declaration so that it will function as the basic legal norm for a long time. The development of the situation in the future will certainly bring up some new questions. The future legislative body in Hong Kong can enact new laws to handle some specific issues under the guidance of the principles prescribed by the basic law. Our idea is that the basic law should contain clear stipulations on principled issues, and the provisions in this regard should be more detailed than the joint declaration; on the other hand, as the special administrative region will enjoy a high degree of autonomy and will be vested with legislative power, it will be able to enact some specific laws.

At the meeting, Ji Pengfei said, after listening to the opinions of the Hong Kong people: Your opinions are all very good. We will try to include as many of your opinions as possible in the basic law. We will solicit your opinions on the draft of the basic law and then revise the draft. This will be done several times before the basic law is approved and promulgated by the NPC. Therefore, we hope that you will air more opinions and ideas. We do not fear your airing of opinions; instead, we hope that you will talk more freely and give more opinions. In order to ensure Hong Kong's future, to maintain Hong Kong's prosperity and stability, and to successfully handle matters after 1997, we all should make joint efforts.

Ji Pengfei said: Among the issues you have just mentioned, some are related to the basic law and some should be handled by the future government of the Hong Kong Special Administrative Region. We cannot lay down fixed stipulations on them right now. The central government cannot replace the special administrative region government in settling these issues. The Sino-British joint declaration clearly provides that in the 12-year transition period, the British side will remain responsible for the routine administrative affairs in Hong Kong and we will not have a hand in the handling of these affairs. We will faithfully implement the joint Declaration.

On the political structure of the future Hong Kong Special Administrative Region, Ji Pengfei said: The joint declaration does not contain a clear stipulation on this issue. The basic law will stipulate the future political structure. We do not now have a fixed idea in this regard. It is not certain if the future government structure will be the same as it is now and it is not certain if the legislative and executive councils will still exist. However, the political structure of the mainland will not be copied in Hong Kong. The plan will be worked out in line with the principle of "one country, two systems" and in light of Hong Kong's specific conditions, and we will extensively solicit Hong Kong people's opinions in this regard. This will be an important part of the basic law. We will first discuss this issue and work out a draft before we handle other issues.

On the issue of expatriate civil servants in Hong Kong, Ji Pengfei said: After 1997, expatriate civil servants can continue to work in Hong Kong as usual and they can continue to enjoy the same treatment as they do now. We hope that they will better cooperate with local people, better maintain unity, and work better. Their position will not change.

In regard to young students, Ji Pengfei said: Young students are the future masters of Hong Kong. Hong Kong's hope is placed on you, young students. Your main task now is to study well. We hope that you will be experts in a special field of learning and will shoulder the glorious task of developing Hong Kong's prosperity. Of course, you can also participate in some political activities, and it is also good for you to air your opinions on major affairs in Hong Kong and in China. But you should concentrate on your studies.

As far as the languages in Hong Kong are concerned, Ji Pengfei said: The central joint declaration [as received] mentions this issue, and the basic law will also contain a stipulation on this issue. The Chinese and English languages will have the same important position in the future in Hong Kong. It is good to popularize Putonghua, and the future Hong Kong Special Administrative Region Government can promote this movement on its own.

Finally, Ji Pengfei hoped that Hong Kong people in all walks of life would increase their contact with the people in the mainland so as to increase mutual understanding, to learn from each other, and to make joint efforts to handle matters in Hong Kong well and to ensure Hong Kong's stability and prosperity and further development.

BASIC LAW WORKING GROUP ARRIVES IN HONG KONG

OW041642 Beijing XINHUA in English 1638 GMT 4 Jan 86

[Text] Hong Kong, January 4 (XINHUA) -- A Hong Kong basic law working group from China's mainland arrived here by train today. The group of 12, headed by Lu Ping, secretary general of the State Council's Hong Kong and Macao Affairs Office, will solicit opinion on the structure and content of the Basic Law during its one-month working visit here.

Lu is concurrently deputy secretary general of the Hong Kong Basic Law Drafting Committee. The group is here making preparations for the committee's second meeting in April in Beijing.

XINHUA HONG KONG DIRECTOR FETES MACAO GOVERNOR

OW031627 Beijing XINHUA in English 1612 GMT 3 Dec 86

[Text] Macao, January 3 (XINHUA) -- Both China and Portugal are sincere in the effort to solve the Macao question through negotiations, Xu Jiatun, director of the Hong Kong branch of XINHUA NEWS AGENCY, said here this evening. Speaking at a dinner in honor of Macao's Governor-General Almeida e Costa and Mrs Costa, he described the question as one "left over by history".

The governor-general has already submitted a resignation, which is expected to be approved before the Portuguese presidential election January 26. He has been in office since June 1981.

Costa told his host that Portugal and China would be able to find an appropriate solution to the question of Macao's future, and that they would overcome the technical problems that might emerge in the process.

QIAN LIREN, CPC DELEGATION RETURN FROM INDIA

OW040616 Beijing Domestic Service in Mandarin 1200 GMT 1 Jan 86

[Text] The CPC delegation led by Qian Liren, member of the CPC Central Committee and director of RENMIN RIBAO, returned by plane to Beijing this afternoon after attending the activities marking the centenary of the founding of the Congress (Indira) Party. The delegation was greeted at the airport by Zhu Liang, deputy director of the International Liaison Department of the CPC Central Committee, and Li Zhuang, editor-in-chief of RENMIN RIBAO.

NPC DELEGATION DEPARTS FOR VISIT TO INDIA

OW061128 Beijing XINHUA in English 1117 GMT 6 Jan 86

[Text] Beijing, January 6 (XINHUA) -- An eight-member population delegation of the Chinese National People's Congress left here today for a goodwill visit to India at the invitation of the Indian Association of Parliamentarians on Population and Development. The delegation is headed by Hu Keshi, member of the NPC Standing Committee and vice-chairman of the NPC Education, Science, Culture and Public Health Committee.

The delegation's visit is part of the exchange program under the 1984 bilateral cooperative memorandum on population affairs signed by a Chinese NPC delegation and an Indian parliamentary delegation in New Delhi.

INDIAN, PRC SCIENTISTS PLEDGE CLOSER COOPERATION

OW032002 Beijing XINHUA in English 1958 GMT 3 Jan 86

[Text] New Delhi, January 3 (XINHUA) -- Prof C.N.R. Rao, president of Indian National Science Academy, today expressed the hope that cooperation and exchange between Indian and Chinese scholars would be strengthened in various fields of science and technology.

Prof. Rao said this when he met a delegation of the Chinese Academy of Science led by its President Prof. Lu Jiaxi. He added there is a long history of science exchange between China and India. Both countries have made great progress in the development of science in the past few decades and they should increase contacts with and learn from each other, he said.

Lu said that during the visit he has a good impression of the progress of India in science and technology and the two countries have plenty of room for cooperation. The Chinese delegation came to India on December 29 on a 14-day visit.

PRC FIRMS WIN CONSTRUCTION BIDS IN NEPAL

OW050916 Beijing XINHUA in English 0902 GMT 5 Jan 86

[Text] Katmandu, January 5 (XINHUA) -- Chinese corporations have won 55 percent of bids made for Nepalese construction project tenders, a high mark in international tender activities.

Chinese corporations began bidding in 1982. They have undertaken 18 construction projects since then, with a total contract price of about 60 million U.S. dollars. 12 projects involved international tenders with foreign aid, while six were bilateral contracts. The projects mainly involved construction of hydropower stations, irrigation systems, tube wells, buildings and bridges. The highest contract price for the projects was around 20 million U.S. dollars, while the lowest about 100,000 U.S. dollars.

PAKISTAN MINISTER VIEWS FOREIGN RELATIONS

OW042041 Beijing XINHUA in English 2033 GMT 4 Jan 86

[Text] Islamabad, January 4 (XINHUA) -- Pakistan Minister of State for Foreign Affairs Zain Noorani said today that his country wants friendly relations with its neighbours, but there will be no compromise on principles. Noorani was talking with newsmen in Hyderabad, Sind Province, in what was the first foreign policy statement made by a senior official of the civilian government since the lifting of the martial law in Pakistan at the end of last year.

He said Pakistan's relations with the Soviet Union have been affected by the latter's interference in Afghanistan. Pakistan has been demanding foreign troops withdrawal from Afghanistan and is seeking a comprehensive solution of the Afghan problem. However, he said, bilateral relations with Moscow have improved to a great extent during the last two years. Noorani said Pakistan attaches great importance to its relations with India and is endeavouring to create an atmosphere of friendship with it. However, he said, honor and dignity of the country will not be sacrificed.

The minister of state said the country enjoys best relations with China and this friendship has always stood the test of time. Describing Pakistan's relations with the United States as friendly, he noted that Pakistan has to safeguard its frontiers on its own efforts and cannot rely on others.

PAKISTAN DENIES RECEIPT OF TROOP WITHDRAWAL PLAN

OW021700 Beijing XINHUA in English 1651 GMT 2 Jan 86

[Text] Islamabad, January 2 (XINHUA) -- Pakistan today denied that it had received any indication in the Geneva indirect talks with the Kabul regime of a timetable of foreign troop withdrawal from Afghanistan. A Foreign Ministry spokesman said that Pakistan had received no such information as was reportedly contained in a story in THE NEW YORK TIMES yesterday. He added that he had not received the original text of the story. The story was said to have stated that the Kabul regime had indicated a timetable for a Soviet troop withdrawal to United Nations negotiator Diego Cordovez at the sixth round of indirect talks on Afghanistan in Geneva.

The sixth round of indirect talks started on December 16 and was suspended on December 19 following an impasse due to the insistence by the Kabul regime on changing the format of the talks from an indirect one to a direct one. The spokesman said that the sixth round of talks was to be resumed at the end of February or early March. Pakistan, he said, hoped that progress would be made on the outstanding issue of the foreign troop withdrawal with a view to completing the text of all instruments of a political settlement of the Afghanistan problem in an indirect talk format. "The provision of an acceptable time frame for withdrawal of foreign troops from Afghanistan will facilitate the completion of instrument four and will therefore be welcome," he added.

During the Geneva talks, Cordovez proposed a package plan including four instruments for a political settlement of the Afghanistan problem. Instrument four relates to the withdrawal of Soviet troops. The other three, which have actually been finalized, are the texts of the proposed agreements on mutual non-interference and non-intervention, voluntary return of three million Afghan refugees to their homeland, and international guarantees.

SPAIN EXPELS LIBYAN SUSPECTS IN TERRORIST PLOT

OW030818 Beijing XINHUA in English 0657 GMT 3 Jan 86

[Text] Madrid, January 2 (XINHUA) -- Spain has expelled three employees of the Libyan Embassy here suspected of activities "incompatible with their work in the embassy," the Foreign Ministry said today. A ministry spokesman said they were plotting an attack on a Mr. Magarief, identified as an exiled Libyan opposition leader, who was to visit Madrid.

Police said the three Libyans had been under investigation for more than a month before being "requested to leave the country" a week ago. The Libyan Government did not protest the expulsion, but a press spokesman at the embassy said the embassy might issue a statement later.

LORD CARRINGTON URGES SPAIN NOT TO QUIT NATO

OW041914 Beijing XINHUA in English 1904 GMT 4 Jan 86

[Text] Madrid, January 4 (XINHUA) -- Lord Carrington, secretary-general of the North Atlantic Treaty Organization (NATO), has warned that Spain's withdrawal from NATO would gravely weaken the 16-member alliance. Carrington's three-day visit is the first one ever by a NATO secretary-general to Spain.

During the visit, the former British foreign secretary and Spanish Premier Felipe Gonzalez talked about Spain's NATO membership, which will be decided in a national referendum in March. At a joint press conference with Gonzalez Friday afternoon, Carrington stressed the political and geographic important of Spain's position within NATO. He said that the Spanish Government's wish to remain in NATO without joining its military structure would be respected by other NATO members.

Carrington, however, avoided direct comment on the upcoming referendum, saying he did not want to interfere in Spain's internal affairs. It is a matter which is up to the Spaniards to decide, he said. The NATO chief also emphasized the need to increase the European role in the North Atlantic alliance.

Gonzalez reiterated that Spain is determined to remain in NATO out of concern for national interests. He said he is confident the people will vote in favor of retaining NATO membership. "If a majority of Spaniards vote against NATO, the government cannot keep Spain in the alliance," he said.

Spain became the 16th member of NATO in 1982 but has not yet joined the organization's military structure. Gonzalez was elected premier on an anti-NATO platform in 1982. He now supports continued NATO membership, arguing that this is an inevitable part of Spain's commitment as a new member of the European Community. Spain and Portugal joined the Community on January 1.

Manual Fraga, president of the main opposition popular alliance, told Carrington that his party favors Spain remaining in NATO and joining its military structure. But Fraga, reluctant to help Gonzalez achieve a referendum victory with general elections due in October, criticized the government for going ahead with the referendum. He has urged party members and supporters to abstain during the vote. Observers here say that a negative vote would put Gonzalez in a difficult position, leaving him to choose between pulling Spain out of NATO entirely or calling an early general election.

WAN LI SPEAKS ON REFORM AT RURAL WORK CONFERENCE

OW030507 Beijing XINHUA Domestic Service in Chinese 1132 GMT 31 Dec 85

[Wan Li speech delivered at the central rural work conference on 6 December 1985: "Sum Up Experience and Persist in Reform "]

[Text] Beijing, 31 Dec (XINHUA) -- In the last 5 or 6 years, we held a rural work conference at the end of each year to study the new situations and new problems emerging in the course of reform, sum up new experiences and new creations made by the masses in the course of practice, and then pool the wisdom of the masses, put forward relevant policies and measures, and compose a document to direct and promote the development of rural reform. Generally speaking, the rural reform has been proceeding quite smoothly and its success is more noticeable, just because we knew the new situation, solved new problems, and summed up new experience in good time. We should continue such a good practice and further develop it.

How is the current rural situation? This is a question of common concern. Everyone says that the situation is very good, but that there are still many problems. However, people may not hold identical views with regard to exactly how good the situation is and what the problems are. I hope that you will say what is on your mind and proceed from reality to make a serious analysis and hold discussions. Only when we make a realistic appraisal of the situation, can we propose correct policies and measures. As Comrade Tian Jiyun will make a detailed report at this meeting, I do not have to say much. I would like to point out one thing -- that is, when we analyze the situation, we should attach importance to existing problems, grasp the essential point to study thoroughly the nature of the problems, and find solutions for them to improve the situation.

Peasants in some localities say that the No 1 documents of preceding years had each eased our policy restrictions and suited the peasants well. This year's document No 1 has not only eased restrictions, but also allowed decontrols. By decontrols, we mean the reform of the state mandatory purchase system for agricultural products and the efforts to rationalize the structure of rural production and arrange production according to market demand. This is an outstanding instance of progress, showing that the reform has taken another big step further. However, the whole country has been accustomed to unified state purchase and marketing for many years. Now that it has suddenly become contractual purchase, many other things cannot keep up with the change. Many localities have substituted apportionment for business negotiation and are issuing work assignment notices instead of signing contracts. How should we deal with such a problem? Should we restore the old practice of unified state purchase, or should we persist in reform and improve and perfect contractual purchase?

For certain reasons, this year's grain output was smaller than that of last year. This is also a question that many people are talking about. The party Central Committee has repeatedly emphasized that grain is the foundation of the foundation, and at no time should we neglect grain production. The National Conference of Party Delegates further pointed out the importance of grain production. We should study the question to find out the real causes for the decreased output and the effects of different causes on different regions. We should also study the relationship between grain output and the readjustment of the production setup, to determine whether the two conflict with or promote each other. We should make a concrete analysis of this year's decreased grain output and adopt effective measures to solve existing conspicuous problems. At the same time, we should know that this year's grain output still exceeded the 1982 bumper harvest.

With the exception of the planned reduction in cotton output, the output of other agricultural products continued to increase by a big margin, and both the total product of society and per-capita income in rural areas rose steadily. If we were in the situation of a grain-only, single-product economy, as in the past, what would be the consequences of a decreased grain output like this year's? If we hadn't made any reform and the production setup readjustment had not occurred in the last few years, could we still keep the current trend of prosperity after the grain output decrease? Here, I raise questions only. Please discuss these questions and find the answers to them.

It should be affirmed that the situation in the countryside is indeed very good. It has been very good in the past few years. This year, the rural industrial structure has been further readjusted and the reform in the purchase and marketing system has also begun, the situation in the countryside is still very good. The most important indicator is that after reform, the rural economy as a whole has been invigorated, the peasants' self-decision power expanded, and their enthusiasm has soared. In some places, for various reasons, some peasants' enthusiasm for growing grain somewhat subsided. However, even in these places, their enthusiasm to increase production in general and to become richer did not subside. This is an important factor in the continuing development of the rural economy as a whole. At present, problems abound in the countryside. By and large, they are caused by lack of experience in the planned commodity economy on the basis of public ownership; the contradictions in the operation of the new and the old systems during the transition from the closed, old system to the new system in a short period of time ideologically, habitually, and in working methods. We still have to learn and try to establish indirect macroeconomic control over the rural commodity economy and the methods of coordination. This is a problem we have to face inevitably in the course of reform. Being ever stepped up and linked with the reform in cities, the reform in the countryside has become an important part of the economic restructuring as a whole. As the reform in the countryside becomes more widely involved and the favorable conditions multiply, new problems crop up. If the reform in cities is not satisfactory, the reform in the countryside will not be; if the reform in cities is imperfect, the reform in the countryside will be, too. This is the first year of the second reform in the countryside. Linking the reform in the countryside with that in cities has just begun but has not been completed well yet. Reforms in both the countryside and in cities are progressing but they are not yet developing synchronously. Therefore, problems appear to be numerous. There is nothing at all strange about this. The problem of the incompatibility of the relations of production and elements of the superstructure with the demand of the development of the production forces can only be solved through persistence in and intensification of reform. Never should we go back to the old road simply because we have some problems. Experience shows that retrogression can get us nowhere. The only way out is to persist in and intensify reform.

To be clear about the direction, to solidify our confidence, and to persist in reform, I consider it necessary to review the course of the reform in the countryside and sum up the experience in achieving successes in the first reform. Comrades, please discuss whether the following three points are the principal ones.

First, adhere to the mass viewpoint and respect the creative initiative of the masses.

Why was it possible for the first reform in the countryside to have been successful? Mainly because many policies answered the peasants' demands, represented their interests, gave them the right to decide on their own, and enhanced their enthusiasm. When the peasants' enthusiasm has soared and the reform in the countryside is successful, they can be very helpful to the development of the national economy as a whole.

Then, where did these new rural policies come from? Could they have been invented by several central leading comrades or our provincial governors and secretaries? Of course, they contain the party's collective wisdom and are a product of the massive work of generalization and improvement done by the party and government leaders at all levels. More importantly, they are the experiences and creations of hundreds of millions of peasants.

A basic condition in our country is its 1 billion people, 800 million of them peasants. If we do not have peasants on our minds, if we do not effectively safeguard their democratic rights politically and their material interests economically, we cannot say that we really have the mass viewpoint, nor can we say that we really have the national and overall viewpoint. And to serve the people wholeheartedly would be largely empty words. This statement of mine is not merely directed to cadres engaged in rural work. Cadres of all departments under the State Council, in particular, the leading cadres, must seriously study rural problems and rural economic work. They must study the relations between cities and the countryside in the new period, acquire new knowledge, and foster new conceptions. They must, using the guidelines embodied in the party Central Committee's proposals concerning the "Seventh 5-Year Plan" as the criterion, appraise whether their mass viewpoint is firm, whether their national viewpoint is all-round, and the state of their awareness of serving the peasants.

The peasants' living standard has been improved after several years of reform. However, we should not overestimate the development of the rural economy and underestimate the imbalance and instability of agricultural production. As a matter of fact, only a small number of individuals and a small number of areas have become rich. In most places, people have only managed to keep themselves adequately clothed and fed. In some places, the poverty situation still persists. Only after all peasants have been helped to become rich can the great cause of the four modernizations be hopeful. Some comrades do not keep peasants in mind and do not understand that working for the interests of the peasants is inseparable from the national and overall viewpoint. They attach importance to the interests of their respective departments and units one-sidedly, which runs counter to the CPC's fundamental purpose of serving the people wholeheartedly. A small number of places and units have been seeking private gain at public expense by abusing power and arbitrarily exacting contributions from and blackmailing peasants in the name of reform. This is not reform. This is disrupting and defaming reform. Such practices must be seriously investigated and resolutely stopped and corrected.

Why was the system of household contract linked with output carried out successfully in the worst poverty-stricken areas? This is worth our pondering. It is my opinion that the reason was that peasants in the poverty-stricken areas were the saddest victims of sharing from one big pot and of blind direction and their demand for reform was the strongest and the most urgent. Both the system of fixing farm output quotas on a household basis and the all-around contract system were first unobtrusively practiced by peasants themselves in those areas. At that time, a number of rural cadres supported peasants in the reform at the risk of being punished. They ignored their personal well-being to work for the interests of the masses, daring to break through the old restrictions and limits. This is the real mass viewpoint and the true spirit of serving the people wholeheartedly. When reform in poverty-stricken areas stood fast and continued successfully, the working people's enthusiasm soared; then, the labor productivity greatly increased and the economic results became highly visible; and then, the interim and developed areas followed the example of reform and put in effect the various contract systems suiting their respective local conditions; and eventually an irresistible historical current was shaped up. In the course of reform, a fundamental problem facing us is how to understand and treat the peasants. At the rural work conference the year before last, I dwelled on the problem of how to look at those peasants who had become rich ahead of others.

Now, reform has been intensified, the rural commodity economy further developed, and the state monopoly purchase changed into contract purchase. Under this new situation, our new problem is how to appraise the peasants' enthusiasm, how to guide them to practice commodity production, how to provide them with scienfific, technical, and management knowledge, and how to serve well the rural commodity economy in all aspects including commodity purchase and marketing, transportation, financing, taxation, and pricing in order that the production forces be further expanded, that certain peasants and certain areas become rich ahead of others, that the wealth of a few peasants leads to wealth for the majority of peasants and eventually of all the peasants. To keep to the system of cooperation and the road of enabling all to become rich, we should actively and boldly support the peasants to develop commodity production and become rich through diligent and hard work. As to those people who became rich by employing the means that were not very proper, we should treat them differently: Concerning the majority of them, we should both protect their enthusiasm to develop the commodity economy and attach importance to educating and guiding them and strengthening controls; concerning the extremely small number of people who obtained windfall profits by employing means that violated the law, we must punish them according to law and legal procedures so that the socialist commodity economy will develop even more healthily. Party and government leading comrades must attach paramount importance to this new task during the second rural reform. They must take pains to do meticulous work and, in conjunction with the efforts of the hundreds of millions of peasants, continue to explore new approaches.

Second, persist in seeking truth from facts, and uphold practice as the sole criterion for verifying truth.

Seeking truth from facts is our party's ideological line. Nobody denies that we should seek truth from facts, but to really do so is far from easy. China has a vast territory, and the conditions vary greatly from place to place. The conditions are quite different not only in developed, intermediate, and backward areas, but also in different localities within each of these areas, within each province, and even within each county. If we do not keep in mind at all times the extremely imbalanced development of rural areas, but deal with matters and do work without investigating, studying, and proceeding from the actual conditions of various localities, it will be out of the question to talk about seeking truth from facts. There was a good practice in the first rural reform, and that was to proceed from the actual situation in various localities, respect the will of the masses, and give them freedom to choose through practice their most suitable form of operations. No haste was made to simply affirm or negate a matter if it could not be accurately ascertained. Much less were labels put on people and big sticks used. This was in conformity with the spirit of seeking truth from facts. It is a pity that this practice has not persisted in some localities, and there has been an upturn of the wrong styles of seeking uniformity in doing everything, blowing up a wind, and rushing headlong into mass action. To win merits, leading cadres in a few localities have engaged in blind competition, bragged about their achievements at will, and even resorted to deception. That is no longer a mere question of whether or not they are seeking truth from facts.

To persist in seeking truth from facts, it is imperative to uphold practice as the sole criterion for verifying truth. Practice is incessant development. If we cannot gradually deepen our understanding and change some of our original judgments on the basis of the development of practice, and if we merely depend on what the higher authorities and the books say and dare not depend on facts, we are not taking an attitude of seeking truth from facts. This point is most prominently manifested in dealing with the question of fixing production quotas on the basis of individual households.

Since the 3d Plenary Session of the 11th CPC Central Committee, the documents of the central authorities have changed from "disallowing" fixing production quotas on the basis of individual households to the widespread implementation of the contracted responsibility system based on households with remuneration linked to output. That is a drastic change, but if we look at the policy as a whole, we will see its consistency and continuity and note that it has developed ceaselessly and has been improved step by step. This is a correct summarization of the masses' experience of practice and represents a real Marxist attitude because it manifests the principle of integrating the party leadership with the creation by the masses and implements the ideological line of seeking truth from facts. During the past few years, whenever a Document No 1 was issued by the party Central Committee, related documents were issued by some departments of the state organs. Most of these documents were good in that they changed certain of the departments' original regulations and rules that restricted the development of rural productive forces and did a lot of work in serving the purpose of deepening the task of rural reform in coordination with the party Central Committee's Document No 1. The result of this was remarkable. However, there were a few departments whose documents failed to manifest the spirit of reform or paid no attention to the requirement of giving different treatment according to specific local conditions. What these documents did was to put out in different form those conventions that were incompatible with rural reform, thus making it more difficult to implement the guidelines of the party Central Committee's Documents No 1 on a nationwide scale. For this reason, they were called "No 2 Documents" by the peasants. Now that the work of rural reform is developing in greater and greater depth and involving more and more departments, it is the time to seriously solve this kind of problems by seeking truth from facts.

Third, persist in carrying out reform, fear no difficulty, and make ceaseless efforts to eliminate interference.

The purpose of reform is to blaze a trail to build socialism with Chinese characteristics, speed up the development of social productive forces, gradually improve the material and cultural life of all people in the country, and achieve the four modernizations at an early date. Since we are doing what our predecessors never did, it is impossible that we will not meet with difficulties and take no tortuous roads and that problems of one kind or another will not arise. It can only be an illusive idea to demand that reform be carried out with no problem at all. In essence, that is to do away with reform. It is also an illusive idea to demand that reform be supported by everyone and that there be no gossip or even strong opposition to it.

No reform is smooth sailing. There is no exception to this in modern or ancient times, in China or elsewhere. All reforms encounter obstacles of various types. This is an historic fact and can also be regarded as an inexorable law in the development of history. Therefore, we must be sober-minded and full of strong determination and confidence. We must continuously do away with all types of interference and fear no difficulties. Only by doing so will it be possible for us to persistently carry out our reforms. Naturally, even if the different views and opposing ideas are incorrect, they may also help us think things over more thoroughly and carefully. Therefore, we must earnestly listen to these views and ideas and accept such views or ideas if we believe they are good. We may totally ignore gossips that are entirely irresponsible. We will deviate from reality and from the masses if we lose our confidence under the influence of gossip and yield to incorrect ideas. This is more dangerous. The reason why our first reform in the countryside succeeded is that we earnestly dealt with the specific problems that had cropped up in the course of carrying out reform and solved them one by one in a down-to-earth manner.

At the same time, we had ignored all types of gossips, refused to yield to their influence, continuously conducted investigation and study, persistently sought truth from facts, firmly followed the mass line, relied on the masses' social practices, opened up a new path to broaden our knowledge and solve problems, educated cadres with our experience in practice, heightened and unified the cadres' level of awareness, and pushed the cause of reform forward in a down-to-earth manner. Now when we look back, we have come to realize that verified by practice, the rural policy laid down since the 3d Plenary Session of the 11th CPC Central Committee is proven to be absolutely correct. To build socialism with Chinese characteristics has blazed a new trail. This constitutes a path that really guides peasants to become well-to-do together. We have good reasons to say that this is a new development in the practice of Marxism in China. The present issue is: Our principles and policies are correct, and many specific measures are gradually being improved. However, we still need to further expound on and epitomize our theories. It is hoped that our comrades who are carrying out rural work and our comrades in the theoretical and economic fields will explore and study theories creatively in close connection with the rich experience they have gained in carrying out rural reform, and make new contributions to reforming the economic structure.

The aforementioned three points seem to be platitudes. However, they remain useful in carrying out reform at present and from now on. Over the past few years, we issued, one after another, several Documents No 1 to promote rural reform. Peasants are happy about these documents. However, our work is not yet complete. Some of the measures have not been implemented. They are imperfect and lack coordination. Our experience has proven that the principles and policies that were verified as correct by practice must be further implemented and consolidated. At the same time, we should exert even more strenuous efforts in helping them coordinate with each other and improve themselves so as to carry out our reform even more penetratingly and achieve even better actual results. We should not completely separate the second reform from the first reform. Although the contracted responsibility system with remuneration linked to output has been widely implemented in China's countryside, it remains imperfect. We can say that the work to promote and improve services and cooperation in various forms on the basis of diversified household management has just begun. If we can carry out this work well, we will be able to further bring into full play the power of the contracted responsibility system based on households with remuneration linked to output.

In conclusion, I would like to offer a suggestion for your deliberation. It involves the issue that in carrying out rural reform, we must delegate more decision-making power to the counties. I have mentioned that the county-level leading cadres must learn how to assume overall responsibility in economic development. This practice has played a positive role in promoting the rural economy. Our experience over the past few years has proven that the county level is one where the rural areas link with the urban areas and where macroeconomy integrates with microeconomy. The county level is an extremely important and crucial level in linking various departments. There are fewer disputes over trifles among various departments, work efficiency is comparatively higher, the sense of organization and coordination in developing commodity production is higher in the county, and the pace is faster in developing the rural economy and helping the broad masses of peasants become well-to-do when the county-level leadership is strong, and a fairly good job is done in reforming the overall system. To achieve this goal, we must delegate more decision-making power to the county level. If the counties have little decision-making power, to "assume overall responsibility in the development of economy" will be empty talk. So will be the practice of seeking truth from facts, acting in accordance with local conditions, and bringing into full play our favorable conditions.

Since we must now strengthen our work in science, education, communications, transportation, telecommunications, and in carrying out construction work in small cities and townships, it is extremely important to help the various counties coordinate with each other in a timely manner in accordance with their actual local conditions to solve their problems in developing the microeconomy, since the county is where leading organs maintain the closest touch with peasants' production and livelihood. However, some of our irrational rules and regulations in our existing system often hinder their creativity and restrict their abilities to independently solve their problems. Over the past few years, various provinces have set up some experimental points in carrying out comprehensive reform at the county level, and accumulated some experiences. We should do a good job in summing up these experiences, reinforce the county-level leading bodies, and push the comprehensive reform at the county level one step ahead. When things at the county-level are run well, rural economy, culture and education will be developed even more rapidly and healthily and in an overall manner. With regard to party rectification in the countryside, the central authorities have already issued a circular. It is hoped that various localities will take advantage of this opportunity to consolidate and educate the leading bodies in raising their ideological level, improving their work style, and strengthening their sense of organization and discipline so as to enhance their combat strength. Particular efforts must be made to guide them to master skills in promoting economy and popularizing general knowledge and to help them become experts in simultaneously developing material as well as spiritual civilization. In this way, our rural reform will be deepened, the rural economy will become even more vigorous, and the entire rural work will be greatly developed. This is a major event in our second reform. We should conscientiously study this event. In short, we must rely on everyone to discuss and solve our problems by using our collective wisdom. We must rely on everyone to sing an opera. I only mention these points first. They should be regarded as a flourish of gongs and drums introducing a theatrical performance. Please offer your criticism if there is anything inappropriate.

Group Discussions Beneficial

OW041427 Beijing XINHUA Domestic Service in Chinese 1225 GMT 2 Jan 86

["Speak Frankly and Tell the Truth" -- Sidelights on the Central Rural Work Conference by XINHUA reporter Cao Shaoping]

[Excerpts] Beijing, 2 Jan (XINHUA) -- When the central rural work conference was about to close, a comrade from a central leading organ told me that he felt it was a pleasure to listen to the remarks made by representatives at the conference. Their frankness in daring to tell the truth and their straightforwardness in speaking out without concealing anything were really gratifying, he added.

At the beginning of his speech delivered on the first day of the conference, Wan Li, vice premier of the State Council, made a request to the representatives. He said: Everyone says that the situation is very good, but there are still many problems. However, people may not hold identical views as to exactly how good the situation is and what the problems are. I hope you will speak your mind and proceed from reality to make a serious analysis and hold discussions.

Following his speech, the conference broke into group discussions, and the representatives began to speak out.

As a result of several days of group discussions, the representatives outlined a perspective of the real situation in rural areas by citing many facts and using dynamic and lively words.

What is the good aspect of the situation? To this question, the representatives gave a very good answer. They used convincing facts to clarify some confused ideas, further unifying people's understanding and thinking. As a result, there is a firmer determination than ever to keep to the great orientation of reform.

As for the problems and inharmonious phenomena existing in rural areas, the representatives pointed out in a straightforward manner that some peasants show less enthusiasm to grow grain crops, that there is an excessively heavy burden imposed on them, and that they are forcibly required to share large amounts of expenses and labor. They pointed out the problem that some farmland irrigation and water conservation facilities are outmoded or have been severely damaged by men. They also unreservedly stated the situation of poverty-stricken areas and the voice of the masses there, the unhealthy practices of some cadres, the difficulties and demands of the peasants and their criticisms against and suggestions to the departments concerned at the central level and at their respective localities.

The representatives dared to speak out not only during their own discussions but also in the presence of leading comrades at the central level. When the group discussions were going on, Tian Jiyun, vice premier of the State Council, took part in the discussions held by the northwest and southwest groups. The representatives in these groups did not become reserved in the presence of this central leading comrade. On the contrary, they took this as a good opportunity to make suggestions. When the representatives spoke, Comrade Tian Jiyun sometimes interposed. When Comrade Tian Jiyun spoke, the representatives also interrupted from time to time. There was no stuffy atmosphere as described by the saying that "Those at the low level only make reports, while the leader only gives instructions."

FURTHER ON GUANGMING RIBAO-SPONSORED CONFERENCE

Song Yuzhuo Speech

HK050520 Beijing GUANGMING RIBAO in Chinese 20 Dec 85 p 2

["Excerpts" of speech by Song Yuzhuo, deputy director of the newspaper and magazine distribution bureau under the Ministry of Posts and Telecommunications, at a GUANGMING RIBAO-sponsored publication and distribution work symposium: "Make Further Efforts To Improve Newspaper and Magazine Distribution"]

[Text] Editor's note: On 25 and 26 November, the editorial board of this newspaper organized a symposium on publication and distribution work. Responsible persons of various publishing agencies in the capital city and those of the central departments concerned gathered to discuss extensively a series of problems, including the problem of how to implement the CPC Central Committee's principles concerning publication work and the current problems involved in it. In addition, they raised important and constructive suggestions. We will publish, on 2 different days, excerpts of the speeches by some of the comrades present. [end editor's note]

The symposium organized by the editorial board of GUANGMING RIBAO is focused on the problem of how to improve the publication and distribution of newspapers, magazines, and so on. We think this is very necessary. The following is my opinion:

1. Since the 3d Plenary Session of the 11th CPC Central Committee, the number of newspapers and magazines published has increased. Individual subscriptions account for 44 percent of the total number of newspapers and magazines circulated and more than half of these newspapers and magazines go to the rural areas.

The distribution of newspapers and magazines is part of the party's propaganda work as well as a bridge between the party and the masses. Our posts and telecommunications departments have always regarded the distribution of newspapers and magazines as an important task. Under the leadership of party committees and governments at various levels and with their support, we have very significantly developed the business of the distribution of newspapers and magazines.

Since the 3d Plenary Session of the 11th CPC Central Committee, the total number of newspapers and magazines distributed by mail has been increasing at an amazing average annual rate of 16.5 percent. In 1985, more than 3,700 newspapers and magazines were distributed by mail, 290 percent more than in 1978, and the figure obtained by dividing the total number of copies of newspapers and magazines distributed by mail by the total number of their issues was more than 330 million, which is 200 percent greater than that in 1978.

Great changes have taken place in the extensiveness of our distribution of newspapers and magazines. In the past, most of our newspapers and magazines were on sale only in large cities and most subscribers subscribed to them at public expense. Since the 3d Plenary Session of the 11th CPC Central Committee, as a result of the implementation of the policy of opening the country to the world and revitalizing the domestic economy, the masses have felt a pressing need to study the party's policies, to acquire scientific and technological knowledge, and to enrich their minds culturally by reading newspapers and magazines. Particularly as a result of the development of our socialist commodity economy, newspapers and magazines have now become inseparable from the economic activities in which people in various trades and thousands upon thousands of households are involved. In addition, they have also become indispensable to the exchange of information. Now, individual subscriptions account for 44 percent of the total number of newspapers and magazines circulated and more than half of these newspapers and magazines go to the rural areas. At present, RENMIN RIBAO is on sale in the capital cities of 18 provinces and autonomous regions and in 3 cities directly under the central government on the same day it is issued and the party newspapers published by various provinces, autonomous regions, and cities directly under the central government are on sale in 81 percent of the country's counties and cities, 76 percent of its townships and towns, and 61 percent of its villages and brigades on the same day they are issued, or on the next.

2. Exercise strict control and prevent unhealthy newspapers and magazines from entering society via our post offices.

Some time ago, some unhealthy newspapers and magazines were very popular, with the result that people's attention was drawn away from fine, serious literary works. In addition, the existence of these newspapers and magazines had made publication work difficult by introducing strains on transportation and on the supply of newsprint. Posts and telecommunications departments at all levels must strictly control the circulation of newspapers and magazines by mail. Newspapers and magazines to be distributed by post offices must meet the following requirements: They must be formally approved by the leading organs concerned, they must register with the local administrative departments in charge of publication work, they must publish regularly, they must be sold at fixed prices, and they may be sold openly or within the country in advance. We can absolutely not allow those unhealthy newspapers and magazines and those not formally approved by the publication departments to enter society via our post offices. We must promptly report to the leading organs concerned the discovery of unhealthy contents in various newspapers and magazines.

3. Several suggestions on publication work.

At the beginning of this year, a central leading comrade pointed out that everybody should resist and boycott those outrageous tabloids. Our opinion is that, in order to solve this problem, the departments in charge of publication work should exercise strict control.

(1) Organizationally, it is necessary to strengthen leadership and administration. We should classify newspapers and magazines accordingly and let specialized departments exercise centralized administration.

(2) Legal work in this regard should be focused on the formulation of laws and provisional regulations on the control of newspapers and magazines.

(3) It is necessary to suppress unhealthy newspapers and magazines to find out how far the units publishing them have done wrong things, and, in the event of serious cases, to find out whether or not their chief editors have violated criminal law.

(4) It is necessary to rectify those low-quality newspapers and magazines and those with identical contents.

(5) It is necessary to control paper consumption according to the size and circulation of various newspapers and magazines.

(6) In order to alleviate the strains on transportation, it is necessary to require that newspapers and magazines with a wide circulation must be printed in different parts of the country. In this way, we can avoid waste resulting from the transportation of paper and these newspapers and magazines.

4. Properly readjust the principles governing the distribution of newspapers and magazines and strive to make this work a success.

In accordance with the current situation in the circulation of newspapers and magazines through post offices and in order to adhere to the principle of multichannel circulation and the principle of economic responsibilities going to whomever runs a newspaper or magazine, we have put forward another principle, namely the principle of "planned distribution, distinguishing between different parts of the country, expanding retail business, and increasing the number of representative offices." We must strengthen the professional management of the distribution of newspapers and magazines, further strengthen ideological construction and the building of contingents of workers in this field, strengthen education about professional ethics and discipline, improve service and the quality of our work, meet the needs of readers as far as possible, and contribute more to building the two socialist civilizations.

Song Muwen Speech

HK040732 Beijing GUANGMING RIBAO in Chinese 23 Dec 85 p 2

[Speech by Song Muwen, deputy director of State Publication Bureau, at GUANGMING RIBAO-sponsored publication and distribution work symposium: "Pool Our Efforts To Make a Success of Publication and Distribution Work"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, the mainstream in our publishing work is healthy and our achievements are remarkable. In recent years, we have published many good books and journals, and the quantity of publications has doubled and redoubled. In the last 2 years, we published more than 5 billion copies of books each year. These achievements were made by the publishing circles after overcoming many difficulties with the support of people in other circles.

However, in a recent period, especially in the period between the end of last year and July this year, some publishing houses deviated from the party's guiding principle for publishing work. They published too many storybooks about the ancient swordsmen and old novels. More than 60 publishing houses have published these books that accounted for 0.3 percent of the books published in that period. The printing of these books accounted for merely 1.6 percent of the total printing runs of all books.

This shows that that is merely a partial problem, and now this deviation has been basically controlled. However, the publishing of these books has left behind a negative influence that cannot be removed in a short time. This has taught us a serious lesson. We should accept the criticisms of all social circles and guard against similar mistakes in order to do our publishing work better.

The reason for this problem was that some publishing houses, when they saw a chance to make profits, did not adhere to the correct guiding principle. The main lesson we should draw from this problem is that we must adhere to the correct guiding principle for our publishing work at all times and must really take social benefit as the supreme norm for guiding our publishing work.

The above is the first issue I would like to mention here.

Second, we should resolutely and steadily promote the reforms in our publishing work so as to ensure the healthy advance of the party's publishing undertakings.

We should first successfully reform various publishing houses and editorial offices.

The purpose of reforming editorial offices is to publish more good books, and consideration should be given to the characteristics of intellectual production, which must give first priority to quality and the social benefit of the products. We must supply the people with good intellectual products, and must not merely pursue high output and high economic efficiency in this regard. At present, a common problem in the reforms of publishing houses and editorial offices is that the quantity of publications is being taken as a main criterion for the assessment of the achievements of publishing organizations. Some units have even set forth a financial income target for the publishing and distribution of books and journals. These measures are extremely unfavorable to the implementation of the party's principle for publishing work and to the enhancement of the quality of our publications. The publishing of good books may sometimes achieve good economic results but sometimes may not necessarily bring about good economic results. The main criterion for assessing the reforms in a publishing institution should be the quality of the books and journals it publishes. We should prevent and correct the tendency to use the quantity of publications as the sole criterion for judging the achievements and contributions of a publishing house or to consider whether a publishing house is successful by merely seeing its profits. This is a principle, and all assessment methods that go against this principle must be immediately corrected.

When developing our publishing undertakings, we should properly control the growth rate of the quantity of publications and should direct our attention mainly to the enhancement of the quality of publications. First priority should always be given to quality. A shortage of books is better than a flood of bad books. This is determined by the characteristics of intellectual production. This is not only the case when our printing and distribution capacity is strained and paper is in short supply; it will also be the case when these conditions are improved.

We should also resolutely promote the reform of the publishing and distribution structure in an orderly way.

Now some problems have appeared in the distribution link. For example, subscriptions to some journals are declining, and this has given rise to a chain of problems and has harmed the publishing undertakings to a certain extent. These problems have aroused attention from all social circles.

Of course, there are a variety of reasons for these problems. One of the reasons is the impact of vulgar and unhealthy publications. If we keep these bad things in check, the situation may improve. But this will not be a fundamental solution for these problems, because many problems are caused by the drawbacks of our existing publishing and distributing system and many problems inevitably appear in the course of the reform of this system.

The main problem in the reform of the publishing and distribution system is that since the monopoly book distribution of the Xinhua bookshops was replaced with multiple distribution channels, the relationship between publishing houses and bookshops has not been rationalized accordingly. The system of subscription and underwriting, which was implemented in the past 30 years, remains unchanged. Under this system the publishing houses can be insured against commercial losses. In addition, there are some incorrect practices in the self-distribution work handled by the publishing houses. For the part of the bookshops, they seldom actively expand sales; instead they often adopt some passive and protective measures. These problems must be solved through further reforms. If the underwriting system remains unchanged after the establishment of a multi-channeled distribution system, the relationship between the publisher and the distributor will be unreasonable, and the contradiction between supply and demand will not be settled.

Under the conditions of multiple distribution channels, the reform of the pruchase and marketing system is the key to rationalizing the relationship between the publisher and the distributor and to arousing the initiative of both sides to increase sales. Now we should adopt many different forms of book selling, and should mainly promote the form of selling books on consignment. At the same time, the publishers should increase the trade discounts for the distributors so as to give more economic benefit to the latter.

Third, we should strengthen and improve the management of publishing work so as to ensure that our publications will better serve the prupose of developing our socialist spiritual civilization. Many problems that have appeared recently are related to the weakness of management in our publishing work. Therefore, it is necessary to strengthen management, enforce discipline, and perfect regulations. We should adopt administrative, legal, and economic means to exercise management so as to ensure that our publications will meet the needs of our modernization process. First, we should work out a good plan for publishing books. Planning is part of management. Our plans should give priority to the publishing of some important books. Second, we should impose restraints on the publishing of some books. For example, no storybooks about ancient swordsmen should be published in the next 2 to 3 years. Third, we should prohibit the publishing of bad books that may produce a pernicious influence on society. For example, we must resolutely ban the publishing of pornographic books. However, the prohibition must be laid down very cautiously, and the demarcation line must be drawn clearly according to the relevant policies so as to prevent the "leftist" practice.

We should find reasons for the problems in publishing work mainly within the publishing institutions and should mainly set things inside the publishing institutions right in an all-round way. However, publications often reflect the achievements and problems in all fields. The problems in publishing work do not merely come from the publishing trade, but are also related to problems in other fields and to problems that should be solved in the advance of our country. So we should look at the problems in publishing work from a wider viewpoint and should find some comprehensive solutions inside and outside the publishing trade. For example, the publishers and distributors lack funds and find it hard to seek bank loans, so we need the support of the financial department. In order to strengthen management, implement the principle for publishing work, and overcome the tendency of "putting money-making above everything," we need the help of people in all circles. This symposium sponsored by GUANGMING RIBAO is giving support and an impetus to our publishing work.

Lu Benrui Speech

HK040800 Beijing GUANGMING RIBAO in Chinese 23 Dec 85 p 2

[Speech by Lu Benrui, commissioner with the State Publication Bureau, at GUANGMING RIBAO-sponsored publication and distribution work symposium: "Proposals for the Literature and Journalistic Circles"]

[Text] On 12 November, GUANGMING RIBAO carried in the most eye-catching position on its front page a message from literature circles. While calling for more efforts to promote fine literary works, the message ciriticized the phenomenon of vulgar publications contending with and squeezing out fine and serious literary works in the previous period. Literature circles also suggested that the departments concerned should carry out a comprehensive and effective reform of the current publication and distribution work in our country. The criticism, appeal, and proposals made by literature circles have struck home and will give a tremendous impetus to our publication and distribution work.

Since I have the honor of attending this publication and distribution work symposium, I would like to take this opportunity to put forth some proposals and expectations for the literature and press circles:

1. I hope that our writers will produce a greater number of good works like "Wreath at the Foot of a High Mountain," which will make a great impact on readers to the depths of their souls. Many writers should go deep into the reality of life to tap source materials. We are in the midst of great reforms, and we have plenty of wide-ranging themes to write on and extol. Writers who produce fine works will surely be welcomed and supported by readers as well as by the publication and distribution circles.

2. I hope that literature and press circles will further strengthen their work regarding book reviews and recommendation. So far we have done too little work in this field, and people know little about many good works. Only by vigorously publicizing and recommending good works will we be able to use good works to counter the widespread influence of some martial arts novels and vulgar works among readers.

3. In connection with the above-mentioned work, we still have to face another problem of giving correct guidance to young readers. It is necessary to help young readers enhance their ability and reading taste and thus cultivate lofty sentiments. All of us, especially the press circles, have much to do in this field.

Wang Xianquan Speech

HK040430 Beijing GUANGMING RIBAO in Chinese 23 Dec 85 p 2

[Speech by Wang Xianquan, director of Beijing Publishing House, at GUANGMING RIBAO-sponsored publication and distribution work symposium: "Strictly Guard the Editorial Gate and Do Not Publish One Bad Book"]

[Text] A major reason why some publishing units have recently deviated from the correct orientation is because of the tendencies of bourgeois liberalization and the commercialization of spiritual products. One thing these units have in common is: They have all failed to put social benefit first.

We find that the comrades who are engaged in editorial work should pay particular attention to two relationships -- the relationship between freedom of literature creation and guarding the editorial gate and the relationship between social benefit and economic results.

Publication work, in particular editorial work, is work of a high ideological, political, and scientific level. Our publication workers should consciously be at the forefront of the construction of our socialist spiritual civilization, have a strong political sense of responsibility and a strong sense of responsibility for the party and the people, and strictly guard the gate of publication. In publishing any book or article, they should first consider the social effect of the publication. Naturally, most of our publishing houses should be turned into firms that are managed as enterprises and carry out economic accounting, but we should also soberly see that books and journals are spiritual products that are diametrically different from ordinary commodities in their characteristics. Therefore, we should never pursue profits in a one-sided manner or be bent solely on profits. When the two are in conflict, we must put social benefit first and subordinate economic results to social benefit. If a thing is detrimental to the construction of our socialist spiritual civilization, we must never do it even if it may be very profitable in terms of money. Over the past year, there has been a wave of indiscriminate publication of books, but as we have been relatively sober-minded, we have not been moved by internal and external pressure and enticement. For example, a collective publishing company came to our publishing house with a new martial arts novel and asked us to cooperate with it in publishing the book. It even offered us 80,000 yuan to give it a book registration number. We said that we would never sell a book registration number, and that we, as a publishing house in the capital, should not take the lead in publishing such books. For another example, some people offered us the publication of the book "Story of Lotus," but we rejected it in spite of its profitability.

In order to ensure the implementation of these ideas, we have grasped the following measures:

First, we have carried out education in the party's publication principles among the personnel, particularly the editorial workers, in our publishing house and made them all clearly aware of what they should and should not publish and thus unified their thoughts in line with the party's publication principles.

Second, we should satisfactorily grasp the formulation of our topic selection plans. The party's publication principles should be concretely embodied in these plans. We can say that topic selection plans are the "design blueprints" for the "construction work" in a publishing house. They embody its publication orientation. Over the past year, we have strengthened our control over this work. In selecting a topic, we have imposed strict procedures of examination and approval and the selection of some of the topics has to be discussed and decided collectively.

Third, we have satisfactorily grasped our administration and management. A publishing house is a propaganda organization of the party and also a cultural institution, but most of our publishing houses are managed as enterprises and we should not live on subsidies from the state. The key task for this is to vigorously improve the quality of our publication and establish a fine reputation. To be more specific, there are still some complicated situations, which can roughly be summarized as follows: First, generally speaking, the social effect of quite a few books is consistent with their economic results. For example, the book "Wreath at the Foot of a High Mountain" has been reprinted five times and the total number of copies published has exceeded 1 million. "Family Hygiene Adviser" was reprinted five times in the year it came off the press and more than 1 million copies have been published.

Over the past 6 months, there has been a temporary depression in the book market, but with the cooperation of the Beijing Distribution Center of the Xinhua Bookstore, we strengthened the promotion of the two books "Twelve Lectures on Party Member Education in the New Period" and "On Ideals and Discipline Education," which we have recently published, and have thus received orders for 550,000 and 350,000 copies of them respectively. Second, we should selectively publish the books that are very valuable but cause losses, in the light of the scope of the division of labor assigned to us. For example, we have already published two volumes of beautifully printed picture albums of Xu Beihong, a master painter of his time. Each volume caused us a loss of several tens of thousands of Yuan, still we think it worthwhile to publish them. The two books about the history of Beijing, the "Textual Research into Old Stories About the Capital" and the "Annals of Shuntian Prefecture in the Region of Emperor Guangxu" -- the former having 1.5 million characters and the latter 4 million -- both caused us losses, but we persisted in publishing them because of their local historical value. About 40 percent of the kinds of books we have published have caused losses. Third, if a book is detrimental to the construction of our socialist spiritual civilization, we resolutely refuse to publish it no matter how profitable it is. By so doing, we have both adhered to the publication principles and been able to offset our losses by our profits, ensure the publication of the books that are valuable but cause losses, and remain free from fear of economic losses.

Wang Yiqian Speech

HK040824 Beijing GUANGMING RIBAO in Chinese 23 Dec 85 p 2

[Speech by Wang Yiqian, general manager of Xinhua Bookstore, at GUANGMING RIBAO-sponsored publication and distribution work symposium: "Show Greater Initiative in Serving the Readers and Supply Them With More and Better Books"]

[Text] This symposium sponsored by GUANGMING RIBAO provides the participants with an opportunity to exchange information and views and to put forth proposals for the improvement of the publication and distribution work. This symposium has great significance.

My work is book distribution, and I would like to give you a briefing on my profession. Great progress has been made since the founding of the PRC. Thanks to the concern and support from party committees and governments at all levels, a gigantic distribution network run by Xinhua Bookstore has taken shape, with more than 8,100 sales outlets all over the country. This book distribution network, which shares over 90 percent of the country's total book distribution volume, serves as the principal distribution channel among other channels. In 1984, the bookstore's distribution volume amounted to 6.03 billion copies, an increase of 2,900 percent in number of copies or 5,300 percent in value over that recorded in 1950. In the same year, the per-capita book purchase was also raised by 15 times over that recorded in 1950. In the past 35 years, the country's book distribution volume has grown at an average rate of 10.5 percent every year. Such a high and steady growth rate has been rare in the history of book distribution of the world.

Apart from distributing textbooks for universities and secondary and primary schools as well as various documents for study and new year pictures that must be marketed on time in large quantities, Xinhua Bookstore, in the past few years, also had to ensure an ample supply of various other types of publications to meet the needs of the four modernizations and the construction of spiritual civilization, as the proportion of individual readers' purchases kept on increasing drastically.

The conditions for book distribution are slightly better in cities than in rural areas because more readers are concentrated in cities and the distribution cost is lower there. Xinhua Bookstore, as it is, has to take care of the distribution work in cities as well as in rural areas. We are not allowed to ignore rural areas in view of higher profits arising from the business in cities. This is a question to which Xinhua Bookstore has to pay attention all the time.

Xinhua Bookstore employs more than 91,000 staff members throughout the country. Working hard in their own posts, the staff members take the fulfillment of the readers' needs as the goal of and reward for their work. In meeting the needs of the vast number of readers and assisting various fronts in fostering professional personnel, they have played a positive role in, and made their contributions to the construction of the two civilizations.

In the previous period, the book market was flooded with martial arts fiction and some vulgar works. Most Xinhua Bookstores have upheld a correct management orientation and refused to sell these books in large quantities. However, we also found that a small number of Xinhua Bookstores ignored instructions, violated the fixed principles, placed undue emphasis on the market demand, and concentrated their attention on the sale of these books in pursuit of profits. This was an absolutely wrong practice. As a part of the cultural and propaganda undertaking, Xinhua Bookstore is to sell nourishment for the mind and must always adhere to the principle of serving the people and socialism and take social benefit as the supreme criterion for its work.

With regard to the difficulties we are faced with in selling and buying books, I think this is a question involving rather complicated factors and a comprehensive program is needed to deal with it. Overstocking and shortage of stock are two common problems for publication and distribution organizations. If more meticulous work is done and those books in demand are reprinted in good time, the contradiction between overstocking and shortage of stock will be eased. Otherwise, some books will be out of stock with the readers' demand not fulfilled, while there is an overstock of other books. We may consider the system of a "first edition for test sale and timely reprinting to make up any shortage" as well as the method of "consignment for sale on commission" so as to encourage both publishing houses and bookstores to show concern for the marketing of books. Publishing houses and bookstores must strengthen cooperation between them and support each other in their concerted effort to overcome the difficulties in selling and buying books.

We still cannot keep up with the requirements for book distribution work put forth by the construction of two civilizations, and there are still a lot of shortcomings and problems in our work. We pledge to further rectify our management orientation, raise the professional quality of our staff, improve our service attitude, show greater initiative in serving the vast number of readers, and supply them with a variety of good books. We earnestly hope that publication departments, writers, and the vast number of readers in particular, will make more suggestions, helping us to do a better job in book distribution.

REFORM OFFICIAL DISCUSSES ECONOMY IN 1986

HK031534 Beijing XINHUA Hong Kong Service in Chinese 1137 GMT 2 Jan 86

[Report: "Vice Minister Gao Shangquan of the State Commission for Restructuring the Economic System Speaks On Reform of China's Economic Structure in 1986" -- XINHUA headline]

[Text] Hong Kong, 2 Jan (XINHUA) -- China must persist in putting reform first to stimulate the development of the socialist planned commodity economy.

The concrete guideline for reform in 1986 may be summed up as "digestion and consolidation; linking things and making things perfect; and improvement and development." On China's economic reform in the new year, Gao Shangquan, vice minister of the State Commission for Restructuring the Economic System, gave a speech carried in the first issue of the overseas edition of the weekly LIAOWANG.

Gao Shangquan said: We must digest and consolidate the correct reform measures already adopted and the results already achieved. Concerning reform measures where experience is scanty, full details are not worked out, and problems are relatively plentiful, we must seriously sum things up, keep what is good and remove what is bad, link things in a comprehensive manner, and make up for what is lacking in order to make things perfect. Regarding reform measures that help in macro control, in improving the economic results of enterprises and society, and in achieving an overall balance in demand and supply, we must explore and create a new situation in an active and steady manner and seek improvement and development.

On upholding the decision-making power and benefits obtained by enterprises through reform, Gao Shangquan said: Through the second stage switchover from profits to taxes, the average national rate of profit retained for enterprises has been raised. But the subsequent increases in the prices of raw materials and assignments of various kinds have added to the enterprise burden. As far as this is concerned, we must on the one hand seek a solution by reducing and removing regulating taxes by using the policy of adjusting prices. On the other hand, we must take measures to reduce irrational burdens on enterprises. We must organize accounting, financial, and tax departments to reassess charges imposed. Those charges needing to be removed should be resolutely removed. No administrative organ is allowed to demand self-imposed charges of enterprises. It should be clearly stipulated that the imposition of charges for what is part of the government's duty is illegal. Any attempt to take advantage of an enterprise' staff and its budget and impose other assignments must be stopped.

He said that since the early part of 1985, to counter certain factors of instability in China's economy, we have strengthened macrocontrol and applied such levers as taxation, credit, pricing, wages, and so forth. This is entirely necessary. Relevant achievements have been scored. But we must guard against "applying the same fixed standard in every case." We must avoid two likely risks: The first is resorting to old methods and thus returning to the old system of overconcentration. The second is the exercise of strict control, with the whole people brought under control but the collective and the individual not under control, and with production brought under control but consumption not under control, as this will enlarge the gap between overall supply and overall demand. Therefore, to link things and make things perfect, we must initially introduce the comprehensive use of economic levers to apply the system of indirect taxes to macroeconomics, properly guiding the practices of owners and enterprises and achieving balanced and harmonious economic development.

On the need to further improve the revenue tax system, Gao Shangquan said: First, we must resolutely collect taxes that help in controlling the scale of capital construction and stimulating the competition of enterprises on equal terms. Second, any measure that helps in improving the economic results of enterprises and society as a whole must also be adopted as soon as possible, even to the point of a required reduction in tax revenue. Third, many people suggest adopting as quickly as possible the method of levying personal income taxes to take the place of taxes on bonuses. This enables us to control the growth of consumption funds and makes for rational competition among enterprises. It also enables us to bring individual operators' excessive income under control.

Fourth, we must make plans for reducing and removing regulating taxes and carry out the industrial policy of developing key industries. Fifth, it is suggested that the reform involving the system of classifying taxes be carried out in several cities on an experimental basis. Through the system of classifying taxes, we must properly handle the relations of interests of and power among the state, the province, and the city, and introduce management at different levels. Meanwhile, we must also gradually strengthen and perfect the system of supervision over tax collection.

Gao Shangquan admitted that at present enterprises are not sensitive to interest rate readjustments. The main reason is that state enterprises' interest payments are included in costs. Even given higher interest rates, enterprises are still willing to obtain loans.

We must actively develop extensive financial cooperation between areas and between specialized banks. We must adopt various credit instruments to reform the ways of payment. We must develop a capital market at various levels and control the development of high-interest loans among the people. We must improve the economic results of loans granted and accelerate the pace of getting an investment back. The core of the problem is that the leadership at all levels must not use administrative means, freely handing down instructions. This is to protect a bank's decision-making power.

On the need to actively create conditions for exploring and developing a market for the means of production, Gao Shangquan said: To provide a relatively relaxed environment for the development of a market for the means of production, we must further reduce the scale of capital construction and control the direction of loan funds. Second, the main thing to do now is to explore and develop a rolled steel market. Emphasis should be put on gradually enlarging the proportions of goods and materials entering the market, in order to keep commodity prices down. Third, we should establish a special market for rolled steel, strengthen market control, and strictly forbid trading in rolled steel under the counter. However, prices can be allowed proper fluctuations. Fourth, the state should issue permits for trading in rolled steel, define the scope of trading, and gradually establish a rolled steel market that is both unified and open.

Gao Shangquan said that we must adopt a policy of special treatment for export enterprises to increase foreign exchange earning power. The potential in foreign trade exports is relatively great. The important thing is to impose proper policies on enterprises. First, guided by the state's unified policy, we must be quick to grant the power of trading directly with foreign countries to enterprises that have the necessary conditions. Second, we must encourage exports where policy is concerned. Meanwhile, tax exemptions for export products should be made to benefit enterprises directly and not the foreign trade department. Third, quotas for retained percentages of foreign exchange should be firmly carried out to benefit enterprises earning foreign exchange. Enterprises. On the basis of the amount of foreign exchange earned, we should also select some trades for the trial introduction of the system of basing retained proportions of profit on trends. The practice of importing raw materials at low prices and selling them to enterprises at prices greatly marked up must be changed. Fourth, we must correctly apply the industrial policy to accelerate the upgrading and transformation of foreign trade enterprises.

HU YAOBANG MAKES INSPECTION TRIP TO DACHEN ISLAND

OW030542 Beijing XINHUA Domestic Service in Chinese 1502 GMT 2 Jan 86

[By reporters Zeng Jianhui and Fu Shanglun]

[Text Hangzhou, 2 Jan (XINHUA) -- During his inspection tour of eastern Zhejiang, Hu Yaobang, general secretary of the CPC Central Committee, made a special trip, on 29 and 30 December 1985, to Dachen Dao, situated in the rolling East China Sea. On the island, he visited old members of a land reclamation team, who had moved to the island from the mainland 30 years ago, as well as armymen and the people and hoped that in the new year, they would build Dachen Dao, "a pearl in the East China Sea," into a more prosperous place by continuing to carry forward the foolish old man's spirit of starting undertaking through arduous effort.

After inspecting Fenghua and Xiangshan Counties under Ningbo City, Comrade Hu Yaobang boarded a naval escort vessel at Xiangshan County's Shipu Harbor on the morning of 29 December. Braving the wind and waves, the vessel reached Dachen Dao after sailing south for 90 km. After goind ashore, he walked along a rugged cobbled path on a mountain slope and arrived at the New Nantian Village, specially built for old members of the land reclamation team, where he visited four households and sat beside old team members, engaging in small talk. Standing in the midst of the crowd, Comrade Hu Yaobang cordially chatted and asked them about their work, their families, the number of able-bodied workers in their families, as well as their incomes, difficulties, and opinions. He extended his best regards to comrades of a locally-stationed PLA unit he came across in the street, and asked them about conditions in their unit.

Dachen Dao, situated on the continental shelf off Zhejiang, consists of 19 islets, has a total area of 14.6 square km, and is 26 km from the mainland at the nearest point. The area of Shangdachen is 7.8 square km, that of Xiadachen 5.24 square km, and that of Yijiang Dao only 1 square km. Dachen is the second largest fishing ground off Zhejiang, with an area of 4,000 square km, which is next only to the Zhoushan fishing ground. The Dachen fishing ground teems with such fish as large and small yellow croakers, hairtails, butterfish, groupers, and cuttlefish, with an annual catch of more than 3 million dan. In February 1955, or on the eve of the liberation of Dachen, Kuomintang troops took more than 14,000 inhabitants from the island, and only 7 of them managed to escape the misfortune. When PLA members landed on Dachen, it was a dead island, a scene of devastation. In January 1956, 9 months after the liberation of Dachen, Comrade Hu Yaobang, then first secretary of the CYL Central Committee, proposed organizing a voluntary youth land reclamation team to develop and build a new Dachen. The first group of the volunary land reclamation team, consisting of 225 young people from Wenzhou City and Haimen Town, then landed on Dachen Dao. Holding high their team banner, embroidered with the characters "Build the Great Motherland's Dachen Dao," which was sent to them by Comrade Hu Yaobang, they climbed the peak of Fengwei Shan, the highest mountain in Dachen, and took an oath there. They then started reconstructing Dachen Dao. Later, 4 groups of 221 young people joined the land reclamation team consecutively. After the land reclamation task was basically completed in 1960, many members of the team were transferred to other work posts. Now only 89 old members of the team remain on the island.

The evening after his arrival on Dachen Dao, Comrade Hu Yaobang particularly asked the Dachen Dao Town party committee to send an invitation to each old member of the land reclamation team on his behalf to a get-together at the newly completed youth palace on the island the following morning.

On the morning of 30 December, when the morning fog had just disappeared, warm applause and laughter broke out time and again in the youth palace on a hilltop. When Comrade Hu Yaobang entered the palace, he immediately asked a comrade of the town party committee: "Is everyone present?" The comrade of the town party committee told him that all but 9 people, who were away from home, were present. After affectionately looking around, Comrade Hu Yaobang asked: "It is nearly 30 years since 1956. How old is the one who was the one oldest then?" Someone answered that the youngest is now 46 years old, and the oldest 57. Then Comrade Hu Yaobang said humorously: "In that case, this is not a meeting of young friends, but one of old friends." No sooner had he finished his remarks than warm applause and cheers broke out in the hall: "We are now meeting the general secretary!"

In briefing Comrade Hu Yaobang on the joint efforts of armymen and people in Dachen to defend and build the island and to do pioneering work, the secretary of the Dachen Town party committee said: While making joint efforts to build our homes and to bring wasteland under cultivation in the 1950s, we lived on state subsidies in the 1960s and 1970s, we made a living by fishing and kelp farming, but our average per-capita income was only about 200 yuan; since the 3d Plenary Session of the 11th CPC Central Committee, we have taken steps to develop new fishing and breeding resources, and have set up a number of aquatic products processing factories. The island's total fishery and industrial output value in 1984 was 6.6 million yuan, doubling that of 1980; and the average per-capita income of more that 5,000 inhabitants on the island was 716 yuan, a 250 percent increase over 1980. In 1985, total output value is estimated at 8.45 million yuan, and the average per-capita income at 820 yuan, an increase of 104 yuan over the previous year.

Hearing this, Comrade Hu Yaobang said with a smile: Income will increase by 104 yuan. This is what the town party committee secretary said. I do not know if you all agree with this. The old members of the land reclamation team replied unanimously: We agree. Some said loudly that it would be more than that.

At this time, filled with emotion, Comrade Hu Yaobang said: Dachen's prosperity is attributable first to the meritorious deeds of the PLA and second to the meritorious deeds of you old members of the land reclamation team. So, what we are doing today is not a welcome for me but rather a joint welcome for you by the central authorities, the province, and Jiaojiang City.

When the old members of the land reclamation team heard the general secretary speak highly of their 30 years of industrious work, tears welled up in their eyes.

Turning to education, Comrade Hu Yaobang asked: Are all children aged from 7 to 13 going to school? How many primary schools and middle schools are there on this island? How many teachers are there? What is the quality of education? Since those present on the occasion could not give clear answers to these questions, he asked loudly: Are there any middle school principals here? How can I come here without meeting a teacher? Now that you are so affluent here, how can you not develop education? A middle school principal rushed up to make a report. He said: All school-age children on Dachen Dao go to primary school. There are 408 junior middle school students, or 97.5 percent of primary school graduates. A 9-year compulsory education system has been put into practice on the island. Basically, illiteracy has disappeared among adults. Hearing this, Comrade Hu Yaobang felt satisfied and smiled.

Then, Comrade Hu Yaobang said: Old members of the land reclamation team made contributions in the past. You endured the most difficult time. You should now continue to make contributions so as to make Dachen still better. Old members of the land reclamation team, what ideas do you have?

Remarks were made by these members one after another. Some said that Dachen had beautiful scenery and could develop tourism. Some hoped that the question of deep-sea fishing could be solved. Some expressed the hope that relatively big factories could be set up on the island. Some said that transportation and housing were relatively difficult problems on the island. But all of them assured the general secretary that they would educate their children to take root on Dachen and make the island still better. Finally, Comrade Hu Yaobang said: If Dachen is to modernize, it should first solve the transportation problem. He asked Comrade Wang Fang, secretary of the Zhejiang Provincial CPC Committee, who was present on the occasion, to study solutions to this problem with the departments concerned. He went on to say that in order to become well off, Dachen must make full use of its sea resources by developing deep-sea fishing and fish farming and, on this basis, develop an aquatic processing industry and various trades in the service of fisheries. He suggested that the Dachen middle school include aquiculture and fisheries in its curriculum, saying that the school should teach not only knowledge but also production techniques and that chief crewmen of fishing boats should be invited to teach in classes so that the children will become familiar with and warmly love fisheries from the days of their childhood. He added: In the main, the current tasks of you old members of the land reclamation team are to do well educating your own children so that they will carry forward the spirit that you displayed when reclaiming land in the old days; grasp the managerial and technical knowledge required for Dachen's construction; unite to work hard; and contribute toward a thriving and prosperous Dachen.

The 2-hour meeting came to a close. Some old members of the land reclamation team took out notebooks while others took out stamp albums and photo albums and asked the general secretary to sign them as a memento. Leading them was old member Zhou Yincui. In the 10 years of turmoil, she did everything possible to seize back from the rebels a telescope and a flag of the land reclamation team that Comrade Hu Yaobang had given to the team. She kept them as treasures in her home for more than 12 years. In the last 2 years, she and other members of her family made a very exquisite pagoda gluing together some 180 colorful conch shells; she planned to present it to the general secretary. On the afternoon of 29 December, when Comrade Hu Yaobang called at her home, she personally presented the pagoda to the general secretary. In return, Comrade Hu Yaobang gave her a calendar with a picture of Zhongnanhai. Today, she came to the meeting with the calendar in her hands. She asked Comrade Hu Yaobang to sign the calendar. She said happily: This is the most precious heirloom of our family! The whistle of the landing boat sounded. Comrade Hu Yaobang stood on the deck and exchanged farewells with the members of the land reclamation team and island residents who had gathered at the wharf on their own accord.

CENTRAL MILITARY COMMISSION ISSUES CIRCULAR

OW062006 Beijing XINHUA Domestic Service in Chinese 1143 GMT 5 Jan 86

[Text] Beijing, 5 Jan (XINHUA) -- In a circular issued on 1 January concerning the rectification of party organizations of units at and below regimental level in the Armed Forces, the Central Military Commission points out: In the course of party rectification, education in party spirit, lofty ideals, and sense of discipline should be carried out throughout the process; the four requirements the party Central Committee set forth in its decision on party rectification must be fully accomplished; the role of party committees as the leading cores, the role of party branches as fighting fortresses, and the exemplary vanguard role of party members must be brought into full play; and party members work style must be firmly rectified so that the good habits of taking the overall interests into account, paying attention to unity and actual results, and competing with each other in making contributions can be cultivated, and so that a higher level can be attained in building the party organizations of units at and below regimental level.

The circular says: Most corps and division-level units in the Armed Forces have already rectified their party organizations. According to the plan, units at and below regimental level will rectify their party organizations this year. Because of the large number of units and party members involved, it will be the most sizable and extensive party rectification in the Armed Forces. The party organizations and party members of these units, who work on the first line of all projects and actions, serve as bridges between the party and the masses. Their thinking, work style, and actions have a direct influence on the masses. Properly rectifying the party organizations of units at and below the regimental level is vitally significant for ensuring the implementation of party lines and policies by consolidating the basic-level units; for promoting socialist ethics and strengthening unity between officers and men and between armymen and civilian by intensifying ideological and political work; and for creating a new situation in Army building and improving the Armed Forces combat readiness through successfully carrying out structural reform and reduction-in-strength reorganization. Party committees and political organs at all levels must work firmly, seriously, and earnestly. They must organize the operation meticulously and strengthen their leadership, making sure that the mission of rectifying the party organizations is accomplished qualitatively and with high standards.

The circular points out that units at and below the regimental level in the Armed Forces must pay particular attention to settling the following four issues while rectifying their party organizations:

1. Acquire a better understanding of the party's basic objectives. They must educate party members in basic party knowledge to increase their understanding of the party's nature, general programs, projects and criteria for party members, the need to reaffirm their communist conviction and their wholehearted service to the people, and genuinely heighten their party spirit.

2. Acquire a correct understanding of the situation and policies. They must organize party members to earnestly study the party's lines, principles, and policies, particularly the documents of the National Conference of Party Delegates, educating them specifically in completely discrediting the "Cultural Revolution" so as to do away with the influence of "leftist" and other erroneous ideas and unify their understanding of the situation and policies.

3. Firmly check unhealty practices. To improve party style, it is essential to educate party members in party spirit and enforce party discipline. In improving party style, the main attention should be directed to cadres, especially the leading cadres. Party members must be taught to uphold policies and discipline, be brave in checking and opposing unhealthy practices, and fight against all types of lawlessness and irregularities.

4. Consolidate the organization of party committees and party branches. We must, by means of study as well as comparing and checking performance, regularize the party organizations organizational and other activities. Basic-level party organizations must lead party life without fail and learn how to operate according to party principles and regulations.

The circular sets specific requirements for units at and below regimental level in the Armed Forces concerning the steps, methods, and the time set for party rectification.

The circular says: Party committees and political organs at all levels in the Armed Forces must regard the rectification of party organizations of units at and below regimental level as an important matter and expedite the building of the basic-level units, the building of the spiritual civilization, and the accomplishment of all projects by means of party rectification. Party committees of all large units must make overall arrangements, inspect and supervise the operation, know the policies well, and exchange their experiences.

While they should pay attention to applying experiences gained in rectifying party organizations of units at and above division level, they should also heed the uniqueness of units at and below regimental level so that new experiences can be created. They should give guidance according to the different situations, and strictly check all operations in order to guarantee their quality.

PLA REPORTS HEADWAY MADE IN MILITARY TRAINING

OW051436 Beijing XINHUA Domestic Service in Chinese 0750 GMT 5 Jan 86

[Text] Beijing, 5 Jan (XINHUA) -- In the course of reform in 1985, the PLA made further headway, improvement, and many new breakthroughs in military training.

The PLA accomplished its 1985 military training work while rectifying its party organizations, reforming military structure, and undertaking a reduction-in-strength reorganization. According to the information furnished by the General Staff Department, the 1985 training of Army recruits was unprecedented in terms of length, rich content, and good quality. To meet the needs of combined operations, the Army units intensified the training and enhanced the results of tactical drills. The good situation of naval fleet training in 1985 was rare in previous years. The number of training days for warships at sea was the highest in recent years. Surface ships scored better results in anti-submarine training in 1985 than other years. In particular, the Navy attached importance to long cruise and redeployment training, intensified combined tactical exercises, and further enhanced the combat effectiveness of naval fleets. In 1985, the Air Force overfulfilled its annual plan in total flight hours and raised the level of tactical training in terms of specific requirements and degree of difficulty. The 1985 rate of serious flight accidents per 10,000 flying hours was lower than in 1984.

The PLA has made break throughs in reforming the organization, contents, and methods of training. In training organization, the PLA has conducted an experiment on reforming the organization recruit training. The results of the experiment show that the separation of the recruit training from regular training of PLA units can promote specialization and cooperation in military training and help improve servicemen's quality, ensure a good start in training, and raise their combat readiness. The successful experiment on reforming the training organization has provided an experience and basis for setting up training regiments within the group armies. At present, PLA units are setting up "school-type" training regiments, bringing about an unprecedented good situation of recruit training. With the breakthrough in reforming the training organization, the military training will enter a new stage of development.

In training contents, the PLA has popularized overall the results of the reform of individual training contents, conducted an experiment on reforming the contents of team training, and made more efforts to study tactics. All units have paid attention to using the theory of systems, and modern science and technology, substituting new training contents for old, readjusting the composition of training, and making the training more systematic and scientific. They have intensified the training and laid a foundation for reforming the PLA's training contents.

In training methods, the PLA has substituted electronic and laser training simulators for mechanical ones, replaced technical simulation with tactical simulation, and developed air-ground combat simulators in addition to ground battle simulators. The large number of advanced training simulators are gradually modernizing PLA's training methods.

JIUQUAN NOW ABLE TO LAUNCH PERIGEAN SATELLITES

OW052355 Beijing Domestic Service in Mandarin 2230 GMT 5 Jan 86

[By station reporter (Fu Chengli)]

[Text] A responsible person of the Jiuquan satellite launching base recently told this reporter that the base is now capable of undertaking such space business as launching perigean satellites [jin di wei xing].

The Jiuquan satellite launching base is one of China's oldest and largest space technology experimental bases. Most of China's scientific experimental satellites, including the first artificial satellite Dongfanghong, were launched from this base.

In order to modernize the satellite launching base, its staff members have developed and applied new technologies while tapping the potentials and carrying out technical transformation of old equipment. They completed a total of 16 major technical transformation projects last year, which have further raised the level of precision, reliability, and automation of the base laboratory equipment.

By directly applying China's achievements in satellite research to its economic development, the Jiuquan satellite launching base successfully launched a satellite for scientific exploration and technological experiment last October. Last year, the base also launched 6 meteorological rockets to collect high-altitude meteorological information at and above a height of 30 km, thus filling a gap in China's meteorological research.

GU MU AT NINGBO ECONOMIC DEVELOPMENT GROUP

OW050843 Shanghai JIEFANG RIBAO in Chinese 30 Dec 85 p 1

[Text] The State Council's Coordination Group for the Economic Development of Ningbo was set up in Beijing and Gu Mu, state councilor, presided over its first meeting. This was disclosed by Geng Dianhua, mayor of Ningbo, at the 24 December meeting of Ningbo City's cadres.

The coordination group was set up in accordance with the decision of the on-the-spot meeting on accelerating the economic development of Ningbo held in Ningbo in October 1985 and presided over by Vice Premier Wan Li. Gu Mu is the leader and Chen Xianren, vice minister in charge of the State Planning Commission, is the deputy leader of the coordination group. Mr Mao Yugang has been asked to be its adviser.

HUANG HUANG AT ANHUI PARTY CONDUCT MEETING

OW051303 Hefei Anhui Provincial Service in Mandarin 1100 GMT 3 Jan 86

[Text] An Anhui provincial work conference on improving party conduct closed recently.

The conference pointed out: Party organizations at all levels in the province should immedidately take actions to improve party conduct seriously. The leading cadres of party organizations at all levels should set good examples, persistently start the work of improving party conduct with themselves and the leading organs, and surely improve the party conduct.

During the conference, the participants seriously studied the circular issued by the General Offices of the CPC Central Committee and the State Council. They also attended a meeting of the responsible cadres with party membership of provincial organs, at which Huang Huang, secretary of the provincial party committee, delivered a report on correcting unhealthy practices and improving the work style of provincial organs.

At the provincial work conference, 31 organizations made reports on their experience in improving party conduct. In order to improve party conduct seriously, the conference made the following proposals in connection with Anhui's discipline inspection work:

1. It is necessary to study and implement seriously the guideline of the National Conference of Party Delegates and the circular issued by the General Offices of the CPC Central Committee and the State Council, have a profound understanding of the extreme importance of the need to step up the building of socialist spiritual civilization and to improve party conduct.

2. A general inspection of the party conduct should be held universally, focusing on the problems in six respects as pointed out by the circular issued by the General Offices of the CPC Central Committee and the State Council.

3. Attention should be paid seriously to improving party conduct and correcting unhealthy practices by the party committee, the whole party and particularly the principal leading cadres of party and government organizations. In addition to punishing the perpetrators in a locality or an organization where evildoings have been commonplace for a long time, the party committee and the discipline inspection commission there should also be held accountable.

4. It is necessary to concentrate on investigating and handling major cases and strictly enforce party discipline.

In light of the reality of the discipline inspection work, the conference called on the discipline commissions at all levels and the discipline inspection cadres to know their duty, display vigor, improve work style, perform more actual deeds, improve work efficiency, dare to struggle resolutely against unhealthy practices and law and discipline violations, and contribute to a rapid improvement of the party conduct in Anhui Province.

FUJIAN HOLDS CONFERENCE ON FAMILY PLANNING WORK

OW051134 Fuzhou FUJIAN RIBAO in Chinese 24 Dec 85 p 1

[Excerpt] On the evening of 24 December, the Fujian Provincial CPC Committee and the provincial government held a telephone conference and made important arrangements for family planning work. He Shaochuan, Standing Committee member of the provincial CPC Committee and director of the Propaganda Department, presided over the conference.

Hu Ping, deputy secretary of the provincial CPC Committee and provincial governor, addressed the conference. He said: The population plan is an important component of the national economic development plan. The speed of population growth has direct and widespread influence on economic and social development. In its proposal for the "Seventh 5-Year Plan" presented at the National Conference of Party Delegates in September 1985, the party Central Committee was again emphatic in stressing the need to "firmly and unswervingly exercise strict control over population growth." The committee also called for "attaching even greater importance to family planning work and making unremitting efforts to carry out the work during the 'Seventh 5-Year Plan' period when the population of child-bearing age reaches the peak." These instructions have given full expression to the party Central Committee's resolve to control population growth. They have also emphasized the importance and arduousness of family planning work during the "Seventh 5-Year Plan" period and have set forth even higher demands requiring the party committees and governments at all levels to seriously carry them out.

At the meeting Vice Governor Chen Mingyi read the provincial party committee's and the provincial government's "circular on launching family planning propaganda and service activities throughout the province around the new year and Spring Festival Period." The circular said: We are confronted by the exceedingly arduous task of controlling growth. The province's annual population growth rate during the "Seventh 5-Year Plan" must be controlled within 1.05 percent. In view of the fact that this period will reach its peak in child-bearing, as the number of child-bearing women will increase by one-fifth annually in the province more than that during the "Sixth 5-Year Plan" period, the "Seventh 5-Year Plan" period will be an extremely crucial period for family planning work. Doing family planning work well in 1986 will be of great significance in fulfilling the population control plan during the "Seventh 5-Year Plan" period.

Attending the conference were Yuan Qitong, Standing Committee member of the provincial CPC Committee; Huang Changxi, provincial vice governor; and the chief responsible comrades of the various provincial departments and units and of the various prefecture city, and county party committee and governments.

Fujian Governor's Speech

OW052020 Fuzhou FUJIAN RIBAO in Chinese 24 Dec 85 p 1

["Excerpts" of speech by Hu Ping, deputy secretary of the Fujian Provincial CPC Committee and provincial governor, at a telephone conference -- date, place not given]

[Excerpts] Fully Understand the Important Significance of Strengthening Family Planning To Accomplish the "Seventh 5-Year" Plan

The population plan is an important component of the national economic development plan. The rate of population growth has a direct and widespread influence on economic and social development.

Fujian Province has scored marked success in family planning work during the "Sixth 5-Year" Plan period. Its annual population growth rate dropped from 1.735 percent during the "Fifth 5-Year Plan period to 1.462 percent. Calculated according to the birth rate in 1970 when family planning work was not yet launched, the number of births during the "Sixth 5-Year" Plan period actually decreased by 1.8 million. This has played an important role in lightening the overall burden on society. We must affirm this achievement. We must, however, also notice that the province is still backward regarding family planning work in comparison to the whole nation. Although the situation improved somewhat during the January-November period this year, the number of families with more than two children in the province still runs as high as 10.66 percent, and the number of families with two children is 34.8.

In some localities the number of families with more than two children is upwards of 17 percent while that with two children reaches 40 percent. We must say that Fujian Province has not yet placed population control onto the track of planned growth. Our efforts in this regard fall far short of the demands of the four modernizations and the economic and social development of the province.

In accordance with the requirement set forth at the provincial conference of party delegates, the annual population growth rate in Fujian Province must be controlled to within 1.05 percent during the "Seventh 5-Year" Plan period. That is, the average number of births each year should be around 440,000, or 70,000 less than the yearly average of 510,000 births during the "Sixth 5-Year" Plan period.

Seriously Strengthen Leadership and Earnestly Unfold Propaganda and Service Activities

Viewed from practice over the past several years, family planning work is really an arduous task, particularly so in the rural areas. However, experience in many localities shows that "with adequate leadership family planning will not be a difficult task." In a sense, the work hinges to a large degree on the leadership's understanding of the strategic significance of population control. If we bear in mind the concept of "average per-capita income," we would naturally attach importance to family planning work. Consequently, we would attach equal importance to the "two types of productions" and would explore ways in our work for solving the problem and bringing about success in family planning. Many prefectural, city, and county leaders have attached importance to family planning work. The leaders of Putian and Jianyang Prefectures and Fuzhou City have worked hard on population control work to suit economic development and marked success has been achieved. The leaders of Minhou, Jianyang, Pucheng, Longhai, Xianyou, and Nanjing Counties have also achieved notable successes in family planning work by attaching importance to the work, adopting effective measures, and simultaneously grasping the two types of productions. However, the leaders of some prefectures, cities, and counties have failed to understand the importance of family planning. They have either paid little attention to family planning work or have one-sidely attached importance to grasping economic development and neglected population control. Some leaders have even regarded family planning work as an "added burden" and pay no attention to it at all.

The provincial CPC Committee and the provincial government called on the various prefectural, city, and county party committees and governments to seriously strengthen leadership over family planning work, genuinely regard the work as an important event in the "Seventh 5-Year" plan, list it on the agenda, hold discussions on the work on a regular basis, make arrangements, conduct investigations, and exercise supervision. It is required that both plans, the two types of productions and the double responsibility system, be carried out at the same time. The principal leading comrades must personally handle this task.

Strive To Fulfill the Task of Family Planning Work in 1986

The key to fulfilling the population plan during the "Seventh 5-Year" Plan period lies in the first 2 years. Proper work in 1986 is of decisive significance. The general requirement for work in 1986 is to control the natural population growth rate to within 1.04 percent and to raise the planned birth rate to above 70 percent.

To ensure fulfillment of the family planning task, the leaders must bear in mind the following points: 1) Extensively and intensively unfold propaganda and service activities in order to raise the masses' understanding of the policy and enable them to genuinely feel the party's and the government's concern and love for them.

Presently, we must first unfold propaganda and service activities during the new year and Spring Fesitval period. We must regard such activities as an important task this winter and in the coming spring, and must pool our time and efforts to accomplish this task. The propaganda, education, culture, public health, and civil affairs departments, and trade unions, youth and women's federations must take the initiative and forge close cooperation, and the family planning departments must offer advice in order to further improve propaganda and service activities this year and spur on the work throughout the year. 2) The leaders, party members, and cadres must take the lead in family planning and set examples. We must conduct education on family planning while party rectification is now being unfolded in the localities. 3) While implementing the system of personal responsibility for cadres, the two types of production responsibility systems must also be carried out. 4) Step up work to transform the backward areas and swiftly change their outlook in family planning work.

SHANDONG TACKLES PUBLIC SECURITY PROBLEMS

SK040556 Jinan Shandong Provincial Service in Mandarin 2300 GMT 1 Jan 86

[Text] Our province achieved remarkable success in comprehensively handling public security problems in 1985. The province's public security situation has improved steadily and is gradually becoming normal. As early as 1984, the provincial CPC Committee began to make arrangements for comprehensively tackling the province's public security problems and put forth an overall plan for tackling public security problems for 1985 and 1986.

Over the past year, the province as a whole has grasped the work of comprehensively tackling public security problems as one of the important tasks of building the spiritual civilization and conducting ideological and political work. All cities, prefectures, counties, and townships have formulated specific plans for implementation, set up specialized leading organs, and mobilized all fields to comprehensively tackle public security problems. The party and government organs at all levels, the trade unions, the CYL committees, the women's federations, and the public security organs have exerted joint efforts to grasp this work, to conduct investigations and research, to sum up and popularize typical cases and experiences, and to use the experience of selected units to promote work in their own units, thus creating a situation in which the whole society and all fields have exerted joint efforts in security work.

Through a year of unremitting efforts, the province has scored remarkable achievements in comprehensively tackling public security problems:

1. The crime rate has remained stable and no repeated major crimes have been discovered.

2. A stable social order has emerged in the urban and rural areas. The situation of group fights, fights with knives, making trouble, and seriously disrupting social order has been basically changed.

3. The number of grass-roots units with good order has gradually increased. The general mood of society, social order, and public security have become better every day.

4. The people's sense of security has been generally enhanced and their enthusiasm in fighting against crime has been boosted unceasingly. The past abnormal situation in which the evil persons put on grand airs, the good persons took the rap, and the grass-roots cadres choked with resentment has been basically changed.

GANSU HOLDS MEETING TO DISCUSS AUDITING WORK

HK011546 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 27 Dec 85

[Excerpts] The 16th session of the 6th provincial People's Congress Standing Committee held a plenary meeting this morning. Xu Anming, vice chairman of the provincial People's Congress Standing Committee, first relayed the spirit of the 13th meeting of the 6th NPC Standing Committee and the speech of NPC Chairman Peng Zhen. Then the participants listened to a report by (Du Yuzhang), deputy director of the provincial Auditing Bureau, on auditing work in the province.

(Du Yuzhang) said that since their establishment in September 1983, auditing departments at all levels in the province have carried out auditing supervision centered on reform of the economic structure, with stress on finance and financial revenue and expenditure, achieving remarkable results.

He said: Over the past 2 years or so, we have audited a total of 671 items in industrial, communications, agricultural, commercial, cultural, educational, financial, and banking departments. This year we have also conducted auditing examinations of new malpractices, such as arbitrarily issuing money and material objects, in 837 enterprises and institutions. We have conducted two large-scale financial examinations in cooperation with financial departments at all levels. By the end of November, we had discovered and dealt with various cases in violation of financial discipline involving some 160 million yuan, and had discovered and corrected some new malpractices in the economic field.

Wu Jian, vice chairman of the provincial People's Congress Standing Committee, presided over the meeting. Attending the meeting were Li Dengying, chairman of the provincial People's Congress Standing Committee, and Wang Yaohua, Liu Lanting, He Jianshan, (Xu Feiqing), Li Oiyang, Ma Pilie, and Yang Fuxin, vice chairmen of the provincial People's Congress Standing Committee.

GANSU OUTLINES RURAL WORK TASKS FOR 1986

HK050405 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 4 Jan 86

[Text] Provincial CPC Committee Deputy Secretary Jia Zhijie has conveyed the spirit of the national rural work conference to the leaders of the provincial agricultural departments and the economic and planning commissions after returning from the meeting in Beijing. On this basis, the provincial CPC Committee and government have proposed views on the arrangements for rural work in Gansu in 1986.

The draft of their views points out that the general demand in the province's rural work this year is to uphold the principle of taking agriculture as the foundation of the national economy, continue to carry out reforms of the rural economic structure, further mobilize the peasants' enthusiasm, and fully implement the principles and measures for invigorating the province's rural economy. It is necessary to continue to improve the production conditions and rely on technological progress to promote the sustained, coordinated, and steady development of the rural economy.

Total agricultural output value should reach 4.6 billion yuan. Grain output should reach 11 billion jin. Total output value of the township enterprises should reach 2.4 billion yuan. Average net income should rise by 40 yuan over last year's figure.

To accomplish these goals, the provincial CPC Committee and government stress that it is essential to seriously implement the spirit of the national rural work conference.

They have also proposed eight specific measures in line with the province's realities: Persevere in planting grass and trees and strive for a big breakthrough in animal husbandry; take effective steps to develop grain production; lead forward the all-round development of the entire rural economy by regarding the township enterprises as the point of breakthrough; continue to grasp construction in the Dingxi and Hexi areas and transform the poor appearance of southern and eastern Gansu; carry out in-depth reform of the rural economic structure; rely on the progress of science and technology and expand cooperation with areas outside the province; ceaselessly carry out agricultural capital construction and continually improve the conditions for agricultural production; and strengthen the organizational guarantee and improve leadership over agriculture.

GANSU PEASANTS TO BE REWARDED FOR SELLING MORE GRAIN

HK031516 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 3 Jan 86

[Text] A peasant household which sold some 10,000 jin of grain to the state or a peasant household each member of which sold an average of 2,000 jin of grain in 1985 can buy the industrial products which are in short supply and which the state sells to it as a reward. This is a joint decision recently made by the provincial Commerce Department, Materials Bureau, Petroleum Company, and Grain Bureau. This decision has been approved by the provincial people's government and will be carried out from January to 15 June this year.

To encourage the peasants to produce and sell more grain, the industrial products which are appropriated by the provincial authorities include name-brand bicycles, sewing machines, and color television sets, glass, diesel oil, and so on. The method of sale as a reward is for the grain bureaus of all counties to issue coupons in accordance with the namelists of the peasant households provided by the grass-roots grain offices. Upon production of the coupons, the peasants can select and buy the industrial products.

SHAANXI RECORDS HEALTHY ECONOMIC DEVELOPMENT IN 1985

HK030854 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 31 Dec 85

[Excerpts] According to the provincial Statistics Bureau, along with the in-depth development of reform in 1985, the provincial economy developed healthily. Social production increased at a relatively high rate and economic results were good. People's livelihood has been continuously improved. A situation of continuous, steady, and coordinated economic development appeared in the province.

Compared with 1984, the total social output value of the province for 1985 is expected to increase by 12.6 percent; the province's industrial and agricultural output value is expected to increase by 12.5 percent to reach some 24.8 billion yuan; the income of people in the province is expected to increase by more than 9 percent. Most targets set in the Sixth 5-Year Plan for 1985 have been fulfilled or overfulfilled. The growth rate of the province's social production was high in recent years. Concrete manifestations of the high growth rate are:

The total agricultural output value has been further increased in the course of readjusting the production structure. The province's grain output for 1985 is expected to reach some 18.6 billion jin, the third highest record since the founding of the PRC. The province's total agricultural output value for 1985 is estimated at 6.5 billion yuan, an increase of 3.2 percent over 1984.

Industrial production has developed rapidly in the province with simultaneous development in growth rate and economic results. Industrial production developed steadily and in a balanced way in 1985.

The province's total industrial output value for 1985 is expected to reach some 17 billion yuan, an increase of 17.4 percent or 2.5 billion yuan over 1984. The increase rates of the achieved profits and taxes and the submitted taxes from January to November exceeded that of industrial output value. Simultaneous development has been made in growth rate and economic results.

The excessive growth of the fixed assets investment has slowed down and the construction of key projects is developing relatively quickly. The capital construction investment made by units owned by the whole people in the province from January to November 1985 increased by 38.4 percent over the same period of 1984. The progress of priority projects has been quicker than that of other general projects. It is estimated that the province's fixed assets investment in 1985 will not exceed the target set by the state.

Markets are stable and brisk. The province's retail trade volume in 1985 has increased. Both urban and rural markets are prosperous and buying and selling were brisk in 1985. It is estimated that the total retail sales volume of social commodities in 1985 will increase by more than 23 percent over that in 1984. With inflation deducted, the net increase rate is about 16 percent.

The province's financial status is good. The province overfulfilled this year's target for financial income 2 months ahead of schedule in October. The province's local revenue from January to October in 1985 amounted to 1.78 billion yuan, an increase of 18.1 percent over the same period in 1984 and an all-time high.

The actual income of urban and rural residents has increased. Their livelihood has been further improved. The increase rate of the prices of retail commodities in the province is lower than the national average. The increase rate of the income of staff, workers, and peasants is higher than the increase rate of prices of goods. According to an investigation of sampling tests on urban and rural residents, with deduction for inflation, the per capita income of urban and town residents in 1985 increased by about 13 percent over 1984; the per capita net income of rural residents in 1985 increased by 9 percent over 1984; and the savings deposits of urban and rural residents have greatly increased.

SHAANXI LEADERS ATTEND ZHOU ENLAI MEMORIAL EXHIBIT

HK050407 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 4 Jan 86

[Excerpt] An exhibition of photographs of the people's premier opened in the art gallery on East Main Street in Xian on 4 January. The exhibition has been organized to mark the 10th anniversary of the death of Premier Zhou.

Bai Jinian, secretary of the provincial CPC Committee; Li Lianbi and Liu Lizhen, vice chairman of the provincial People's Congress Standing Committee; and Vice Governor Sun Daren attended the opening ceremony. Bai Jinian and Li Lianbi cut the ribbon.

LIEN HO PAO ON TRENDS IN U.S. CHINA POLICY

OW040404 Taipei LIEN HO PAO in Chinese 29 Dec 85 p 2

[Editorial: "Is the United States Beginning to Rethink the Situation in the Taiwan Strait"]

[Text] The China policy has been the most annoying and thorny issue in the foreign affairs of the last several U.S. Administrations. On the one hand, the United States, which had established formal diplomatic relations with Peiping, had always to consider the Chinese Communists' demands and reactions while trying to develop relations with them; and on the other hand, in order to continue to maintain the close substantive relationship with the Republic of China, it had to abide by all its obligations and ensure the peace, security, and prosperity of the Taiwan region. Therefore, how to maintain a balance between the two and not damage the interests of the United States and all of free Asia has become a big mental burden and test for American diplomacy.

From its viewpoint, the United States, of course, wishes to maintain a balanced policy for a long time to the benefit of both sides. But, in reality, it has been considerably annoyed and perplexed by the Chinese Communists' constant pressure to take action to change the status quo and their threat hinting that the "Taiwan issue" has become a major obstacle in the relations between them. However, the question is: Can the United States take actions, does it have the right, what appropriate role can it play, and through what channels and methods can this be done? Even the highest U.S. decision-makers cannot find a suitable answer.

According to the "Taiwan Relations Act," the sole legal basis for the current U.S. policy toward the Republic of China, the so-called "Taiwan issue" can only be solved through peaceful means. The United States does not want to concern itself with or mediate the form of peaceful means because it is a matter concerning the Chinese people on both sides of the strait. In view of the current domestic and international situation, such an attitude and practice taken by the United States should be rather realistic and in the best interest of Washington. However, due to the Chinese Communists' growing pressure and the diminishing patience and ability on the part of the United States to withstand the pressure, Washington dispatched Doak Barnett, its China affairs expert, to Taipei last August to conduct an on-the-spot study. The aim of his visit was probably to seek a compromise or a breakthrough in the stalemate while preserving the basic stands of both sides and the status quo.

The outcome of Doak Barnett's visit and study was nothing but a suggestion for more contacts between the two sides of the strait to relax the atmosphere and increase the stability in the situation in the strait as well as to facilitate mutual accommodations and reconciliation between Taipei and Peiping through such contacts. Has Doak Barnett's suggestion been accepted by the U.S. Administration and become policy? Obviously this question cannot be answered flatly with a "yes or "no," but with the facts that follow.

In a televised speech on 15 October, Defense Secretary Weinberger said: "If a certain accord were reached between Taiwan and mainland China, it would be beneficial to all." At the same time he set two preconditions for such an accord: First, it must be agreed to by Taiwan voluntarily; and second, it must benefit both Taiwan and the mainland.

If these conditions were met, there would be greater chances for an accord. Was Weinberger giving his personal views or speaking on behalf of the U.S. Administration? No U.S. official has repudiated Weinberger's statement.

This view was reiterated by a senior U.S. State Department official on 18 October in a news briefing on Asian affairs over the past year. He said: "If the dispute between Taiwan and mainland China can be peacefully resolved, it would be good for both sides; and if Taiwan and the mainland can lower the level of their confrontation, it would also be good." He added that U.S. involvement would depend on the situation and on whether such involvement is useful. If Weinburger's view was only a trial balloon, the senior State Department official's remark would mean the disclosure of a policy decision. Although it is still different from a statement or speech by the secretary of state or the President, its implication and targets are quite obvious.

Such a new attitude assumed by the United States explicitly shows that under the present circumstances, the United States does not demand too much of both sides of the strait, but only hopes that they will conduct contacts, lower the level of their confrontation, and create opportunities for a reconciliation acceptable to both sides. As for any U.S. mediation role, Washington's refusal is not as firm as before, and it will be decided according to the actual situation. In other words, if both sides so wish, Washington will not necessarily refuse.

If this view turns out to be true, the U.S. policy from now on will bring pressure upon and grave inconveniences to the Republic of China. Of course, as a sovereign state, the Republic of China implements independent domestic and foreign policies which cannot be interfered with by anyone. No foreign force can shake our policy that has already been laid down. However, the issue will not be a simple one if the United States really adopts the new practice by ordering its diplomats or "transferred diplomats" on both sides of the strait actively to promote direct contacts between themselves, or encouraging or facilitating contacts between foreigners in general on both sides of the strait. How should we deal with such a situation? Is it possible for us to discern the real U.S. intention?

CHIEN SEES NEED TO IMPROVE RELATIONS WITH U.S.

OW061015 Taipei CNA in English 0938 GMT 6 Jan 86

[Text] Taipei, Jan. 6 (CNA) -- The Republic of China must try to improve its relations with the United States regardless of the development of Washington-Peiping relations, Fredrick F. Chien representative of the Coordination Council for North American Affairs (CCNAA), said Monday. "We must separate our relations with the United States from Peiping's relations with the Americans," said Chien in a speech before the Foreign Affairs Committee of the Legislative Yuan. Communist China would interfere with Taipei-Washington relations if free China link up its ties with development of U.S. relations with the Communist regime, Chien said. What the Republic of China should do is to build up its relationship with the U.S. by exploring areas where common interests lie, he suggested.

Due to the lack of diplomatic relations between Taipei and Washington, the Republic of China is at a disadvantageous position in promoting its relations with the U.S., he pointed out.

Even the Cubans and the Algerians, who have no formal ties with the U.S., are better off in this regard, because free China has the added disadvantage of Peiping's obstructions, Chien said. He described his approach to his job with two words, confidence and confidentiality. He attaches more importance to "substance" than to "appearance," he said. "I would avoid talking about sensitive issues. Instead, I prefer to promote substantive relations," he said.

Chien expressed satisfaction with the present state of ROC-U.S. relations. He noted that bilateral ties in culture, economic and trade relations are in good shape.

Warns on Trade Legislation

OW030638 Taipei CHINA POST in English 30 Dec 85 p 12

[Text] Though it is unlikely for the U.S. Congress to override President Reagan's veto of a bill raised by Sen. Strom Thurmond to limit American textile and footwear imports, the ROC should watch out for a new Trade Enhancement Act proposed by Senate Majority leader Bob Dole and Sen. Patrick Moynihan of New York, both of whom visited Taiwan last August said Fredrick Chien.

In his capacity as the representative of the Coordination Council for North American Affairs (CCNAA) in Washington D.C.,Chien stressed that the new trade act with the endorsement of more than 20 senators now is likely to be approved by President Reagan.

Once the act becomes a U.S. law, Chien told reporters upon his return from the U.S. on Saturday, the ROC, South Korea and Hong Kong will be excluded from the American Generalized System of Preferences (GSP). Such an action would have a huge impact on the ROC's annual exports of U.S.$2.5 billion of goods currently enjoying GSP status in the United States, Chien said. He pointed out that the act will also whittle down the U.S. President's power in trade policy making and will enable the Congress to appropriate funds to bail out American businesses attacked by foreign products.

ADB Membership

When asked about the ROC membership in the Asian Development Bank (ADB), Chien referred to a rider passed on the floor of the U.S. Congress to protect ROC membership. As to some lawmakers' recent calls for the government authorities to adopt "extraordinary measures" to safeguard ROC membership in the Manila-based bank, Chien said that Foreign Minister Chu Fu-sung has spoken out on behalf of the government and Chien declined to make any personal comments. As to the U.S. stand on the matter, Chien adroitly replied that "you will have to ask the American authorities."

And in response to some reporters requests to comment on Sino-American relations during the past year, including the impact of such "unpleasant events" as the Henry Liu murder case and the detention and release of the female publisher, Lee Ya-ping, Chien said that "fortunately all the problems have been solved smoothly."

Accompanied by his wife and his son, Chien returned to the nation for a two-week stay. The local press has reported that President Chiang Ching-kuo will receive Chien for a briefing on the development of Sino-American relations and to give Chien instructions on his upcoming work in the U.S. His return is described by the local press as "delicate" for the ruling KMT will call the Third Plenary Session of the Central Committee of the party on March 29 next year.

DAM AT GUANGXI POWER STATION COLLAPSED 24 DEC

HK060134 Hong Kong WEN WEI PO in Chinese 6 Jan 85 p 2

["Special Dispatch" from contributing correspondent Li Hai: "Big Collapse at Guangxi Hydroelectric Power Station Buries 48 Workers Alive"]

[Text] Nanning, 5 Jan -- On 24 December last year, the principal dam of Guangxi's Tianshengqiao hydroelectric power station under construction suddenly collapsed, burying within 3 minutes the 55 builders working at the base pit [ji keng 1015 0977] of the dam. Twenty-two people were dug out that day, but 15 were certified dead and 7 were alive after being given emergency treatment. By 4 January 46 bodies had been dug out and 2 were still unaccounted for.

At 1500 on 24 December, when the first and second shift workers were changing shift and some trucks were running on top of the principal dam, the dam suddenly collapsed. More than 7,000 cubic meters of earth toppled, burying all 55 people changing shift under the dam. After the accident, a work team led by Wang Rongzhen, vice chairman of the autonomous regional people's government, rushed to the site to organize resuce operations. It has now been confirmed that 48 people were killed in the accident. According to preliminary investigations, the main cause for the collapse was a leak in the principal dam but it failed to alert, or draw the attention of, either the leaders or the construction workers. The ensuing landslide brought about the collapse of the principal dam.

XU JIATUN COMMENT ON MACAO GOVERNOR'S RESIGNATION

HK040938 Hong Kong SOUTH CHINA MORNING POST in English 4 Jan 86 p 1

[By Donald Cheung]

[Text] Hong Kong's top Beijing representative has sent a clear message to the Governor of Macao, Rear-Admiral Vasco de Almeida e Costa that China would like him to stay put. Hot on the heels of Adm Almeida e Costa's resignation announcement on Thursday, the director of the Hong Kong branch of the New China News Agency [NCNA], Mr Xu Jiatun, told reporters in Macao: "It would be good for Macao if Governor Almeida e Costa were to continue to be the Governor of the territory."

There was no immediate official response to Mr Xu's statement, which was however reported in a news release by Macao's official press office. But well-informed observers said the remarks clearly reflected China's intention to maintain stability -- or the continuity of the Portuguese administration -- in Macao whose future will be negotiated between Beijing and Lisbon later this year. "It (Mr Xu's statement) means that they want the Governor to stay, (which could serve as) a guarantee for the territory's stability and prosperity," one Macao oldhand said, noting that Adm Almeida e Costa's departure could see the re-emergence of a power tussel in the Legislative Assembly.

The governor, who will return to Lisbon on Wednesday, had announced that he would tender his resignation to the President of Portugal, General Antonio Ramalho Eanes, before Portugal's presidential elections later this month. And it has been made clear that his resignation will be accepted.

Accompanied by several NCNA deputies, including Mr Zheng Hua, Mr Xu arrived in Macao before noon for a dinner with Adm Almeida e Costa, hosted by Mr Ke Zhengping, Beijing's most senior representative in Macao.

The tete-a-tete meeting was said to have been arranged late last year, although it is generally regarded as a farewell dinner.

Mr Xu stressed that he was not in Macao as a result of the Governor's resignation, but to extend New Year greetings to "his friends" in Macao. He was greeted by Macao Government's Chief of Cabinet Commander Seixas Serra on behalf of the Governor, a legislature member, Mr Alexandre Ho, Mr Ke and his deputy, Mr Li Yaoqi.

Mr Xu stressed that still no date had been fixed for the Sino-Portuguese talks on Macao's future, despite reports that they would start in the middle of this year.

LU PING INTERVIEWED ON VISIT TO HONG KONG

HK050614 Hong Kong WEN WEI PO in Chinese 4 Jan 86 p 2

[Report: "Lu Ping Discusses Goal, Arrangements for His Visit"]

[Text] The 12-member work group of specialists led by Lu Ping, secretary general of the State Council Office in Charge of Hong Kong and Macao and deputy secretary general of the Basic Law Drafting Committee, left Guangzhou for Hong Kong by a through train at 0700 this morning. Yesterday evening Lu Ping and his party gave an interview to this newspaper's reporter at the Zhudao Guesthouse where they stayed. The following is what Lu Ping said to the reporter:

Question: Please tell us the goal of this group's visit to Hong Kong.

Answer: The Basic Law Drafting Committee has decided to hold its second session in Beijing next April. This group of specialists is entrusted by the committee Secretariat to make this visit and solicit opinions of people in various circles in Hong Kong in order to prepare for the session.

Question: What questions will the April session focus on discussing?

Answer: It will mainly discuss the structure of the basic law, the special committees, and other questions concerned.

Question: Are there any tentative ideas on these two questions?

Answer: No, not yet.

Question: Is there any on the special committees?

Answer: No.

Question: How has this group of specialists been formed?

Answer: Some of them are members of the Drafting Committee and most of them are law experts. (Lu Ping gave a brief introduction about them and their namelist is published separately).

Question: How has the work schedule of the group of specialists been arranged?

Answer: This has not yet been arranged and will be decided after we arrive in Hong Kong.

Question: Who will you meet?

Answer: We will meet the members of the Basic Law Drafting Committee who are in Hong Kong, and people in all circles including industrial and commercial, workers, legal, educational and literature and art circles. We will do our best to make as many contacts with various circles as possible.

Question: What about members of the Basic Law Consultative Committee?

Answer: We will also contact them.

Question: Will you exchange opinions with them?

Answer: No exchange of opinions! We only listen. What we will do is listen to opinions.

Question: Will you contact any Hong Kong Government officials?

Answer: I do not know. This is possible, but we still do not know.

Question: It was rumored that you should have come last month. Why have you changed the date to this month?

Answer: No, we never made such a decision and we never changed the date.

Question: Would you please tell us whether any member of the group has ever been to Hong Kong?

Answer: Some of them have. For example, Shao Tianren and several others have been to Hong Kong several times, but most of them have not. They have studied Hong Kong a lot. Now they are to actually listen to opinions, see for themselves, and make much personal investigation.

Question: Would you please tell us your view on the parliamentary system?

Answer: I have nothing to be considered as a view on it. But we hope that there will be no great changes in Hong Kong and we think it would not be good if changes are not in line with the basic law. We hope that there will be no turbulence in Hong Kong. If there is any turbulence, it is the Hong Kong people who will suffer most greatly.

CHENG MING ON STUDENT MOVEMENT, CADRES' CHILDREN

HK050712 Hong Kong CHENG MING in Chinese No 99, 1 Jan 86 pp 6-8

["Notes on a Northern Journey" by Lo Ping: "Chen Yun Capitalizes on Hu Yaobang and Zhao Ziyang's Vulnerable Point"]

[Text] Active Volcanoes Can Erupt at Any Time

If you come to Beijing in this season, you may have a slight feeling of an unusual political atmosphere in this city.

Although the "December 9th" students' movement did not break out and it seems that nothing ever happened in the city except that there are fewer advertisements of Japanese commodities in the streets, people's grievances against the administrators have not been eliminated due to the continuously rising prices and the unhealthy tendencies in official circles. The social factors of the students' movement still exist. Therefore, like an active volcano, the students' movement may break out at any time.

The "reformists" are the main people in power in the CPC at present. But as in all other factions, there are unhealthy tendencies, bureaucratism, privilege, and autocracy in this circle. For this reason, although most university students are in favor of opening up and reform, quite a few of them also have complaints and objections about the "reformists". The appearance of big-character posters at Hunan University, Beijing Agricultural University, and other schools around 9 December and the discussions of many, many university students on national affairs were a reflection of this.

When contacting Beijing University students, I discovered that they were using a new phrase, the "pro-Japanese faction." Later I learned that this new phrase, which refers to Hu Yaobang, Zhao Ziyang and others, had already spread widely among the students. A student told me that opposing what the "pro-Japanese faction" has been doing is the main content of the students' movement in the economic field.

The Voice of Opposing the "Pro-Japanese Faction"

Both Hu and Zhao visited Japan in recent years. They have done something to promote trade and relations between China and Japan. Hu Yaobang even invited 3,000 Japanese youths to a free tour of China. But the Japanese Government was quite stingy when inviting Chinese youths to visit Japan in return. After repeated demands of the Chinese side, only 300 people were invited. In trade, the Japanese side has also gained more. Under the pressure of inflation, ordinary university students, who are generally in straitened circumstances, have deep grievances against this kind of extravagance by the CPC and its excessive courtesy and flattery toward Japan. The organizers of the students' movement once exerted pressure on the CPC, requiring the latter to issue bulletins on two problems, one of which was concrete figures concerning economic losses suffered by the Chinese side in Sino-Japanese trade. It is said that this demand enjoys wide support.

The CPC did not give a direct answer to this demand but gave an indirect reply. It is said that the CPC has issued a secret document, stipulating that China will not import Japanese consumer goods, including all kinds of household electrical appliances (except for means of production and advanced technology) as of 1 January 1986. This is probably an economic measure having nothing to do with the students' movement, but objectively, it impressed people with a feeling of "killing two birds with one stone."

The Public Security Organ Obtains a Namelist of the "Princes Party"

Another demand of the organizers of the students' movement is to make public the namelist of senior cadres' children holding important posts. This also enjoys support among the masses of students.

The CPC has made no response to this. Of course, it cannot accept the demand. Only recently, a CPC official said that there were only just over 10 relatives of senior cadres who had been appointed to high-ranking posts, attempting to prove that the question of the "princes party" was not very serious.

It is said that on the question of selecting and promoting senior cadres' children to the second and third echelons, Deng Xiaoping once said that it is not necessary to avoid arousing suspicion if they meet the requirements, but there should be no preferential treatment. However, a friend in Beijing told me that in practice, behind-the-scenes dealing is hard to avoid in such promotions. For example, a certain senior cadre was wrongly treated when he was alive, but now he has been compensated by the promotion of his children. For another example, when a certain senior cadre is advised to retire or leave his post for convalescence, his children are usually promoted. Some people say that this is a kind of "redemption policy" by the CPC.

This hereditary system in disguised form is one of the CPC's reasons for not really carrying out an election system. Because of this, the CPC certainly will not promulgate the namelist of the "princes party."

Some Senior CPC Cadres Intentionally Let Out The Secret

However, the organizers of the students' movement, most of whom are graduate students, have already drawn up a namelist of the "princes party" throughout the country, with very detailed listings. Recently, Beijing's Public Security Bureau obtained this namelist. The top leaders were much shocked at this.

Ordinary university students, or even graduate students, are unable to get such detailed materials and namelists. Then where did these materials come from? Relating this to the materials on Sino-Japanese trade revealed by the anti-Japanese leaflets distributed by the students earlier, which had never been openly published by official quarters, even common people can figure out that they had been divulged by some senior cadres' children. It is said that the public security departments and the higher-level organs believe that the namelist and relevant materials were not collected and gathered by the students, but came from official archives. But everyone knows that only top leaders of the CPC have authority to use the achieves.

Chen Yun Has Seized on Hu and Zhao's Vulnerable Points

Besides this, the "princes party" has also been involved in many economic problems. The people in Beijing have often talked about the commercial activities of the senior cadres' children. This is not new to us, but recently there has been some fresh, astonishing news from the top level authorities.

Some cadres in the Shenzhen Special Economic Zone once said that the senior cadres' children have no spheres of influence in Shenzhen, though they can get along quite well in the interior. These cadres were taking a one-sided approach to problems if they were not talking nonsense. All the people in Shenzhen can see that the senior cadres' children are getting along quite all right in this city. They envy them, but also bear resentment against them. When attending the Golden Cock Film Awards ceremony, Huang Zongying showed a strong aversion to the "craze of grabbing senior cadres' children" in Shenzhen. She said: "They have done nothing but just have their names in the company and try to get ratified documents through their fathers or secretaries and old comrades-in-arms of their fathers." The senior cadres' children have been "going farther" than the trend in China. Some people said that the CPC reformists are trying to start a "third tide," but the senior cadres' children have already set off "four tides:" 1) joining the Army; 2) studying in universities; 3) going abroad; and 4) doing business. Among these senior cadres' children are Hu Yaobang and Zhao Ziyang's sons. What shocks the people most is that Chen Yun has seized on these vulnerable points of Hu and Zhao.

"Showing His Cards to Hu Yaobang and Zhao Ziyang Once Again"

A friend in Beijing, who has some relations with trade departments, told me that the Discipline Inspection Commission of the CPC Central Committee issued Document No 28 at the end of September. Its main content is the question of senior cadres' children engaging in trade. It mainly includes Chen Yun's two letters to Hu Yaobang and Zhao Ziyang and the official, written replies of the latter. My friend said that this was "another time that Chen Yun showed his cards to Hu and Zhao."

This document, which was distributed by the central authorities to the localities, extracted passages from Chen Yun's letters to Hu Yaobang and Zhao Ziyang. In the letter to Hu Yaobang, Chun Yun said that quite a few senior cadres have abused their power to seek private interests, and some senior cadres' children have relied on their powerful connections to engage in trading activities. He pointed out directly that "your children are also engaging in trade in Shenzhen and other cities." (the gist) In his letter to Zhao Ziyang he said: "I am shocked to learn from the confession materials of swindler Liu Haoran that your son is the honorary chairman of his technology development company." (the gist)

Chen Yun, the first secretary of the Discipline Inspection Commission, has always been honest and upright in his ways. He knows that the questions concerning Hu and Zhao's children engaging in trade should be raised in accordance with party discipline. After the document was relayed to the lower levels, some people held that this was another attack launched by the conservatives against the reformists. But some other people held that Chen Yun was just handling the matter impartially.

If you had seen the letters before the Central Discipline Inspection Commission issued the document, you might have been apprehensive for Hu and Zhao. What was to be done, since their vulnerable points were in the hands of the others? Being the general secretary, members of the Political Bureau Standing Committee, and state premier, how should they explain the matter to the party?

The Replies of Hu Yaobang and Zhao Ziyang

Perhaps Hu Yaobang and Zhao Ziyang also found it a knotty problem to solve. Nevertheless they replied to Chen Yun's questions, and let extracts of the letters of both sides be published in the document.

According to Hu Yaobang's remarks in his letter, the document stipulated that all senior cadres' children who have engaged in trade and commercial business should be transferred without exception. In principle, they should go back where they came from. Those who originally did not have jobs, including those who came from the countryside, may be assigned to work posts.

Zhao Ziyang wrote an instruction on Chen Yun's letter: "Once the senior cadres' children who have engaged in trade are discovered to have committed crimes, they should be punished according to the seriousness of their cases. It is suggested that rectification be jointly carried out by the CPC Central Office, the State Council, and the Central Discipline Inspection Commission as of January 1986." (the gist)

The document also points out in accordance with Zhao Ziyang's written instruction that all senior cadres' children who have engaged in foreign trade should go back to where they came from if they have not committed crimes such as corruption and bribery. But once they are discovered to have committed crimes, they should also be punished according to the seriousness of their cases.

Zhao Dajun and the Swindler

From all this we can see that both Hu Yaobang and Zhao Ziyang are open and aboveboard. "If the contact between Chen Yun and Hu Yaobang and Zhao Ziyang this time is regarded as a struggle, it will end in a draw." This is the view of a person in the know.

Hu Yaobang's son mentioned in Chen Yun's letter is believed to be Hu Deping. There has been little hearsay about him. But many people believe that he is more interested in the study of the "Dream of the Red Chamber" and running a magazine (QINGNIAN LUNTAN -- YOUTH FORUM) well than seeking private gain in the name of the manager of a certain company. The son of Zhao Ziyang mentioned in Chin Yun's letter refers to Zhao Dajun. He is well-known in China's commercial circles. But from Beijing to Shenzhen, there is some unfavorable gossip about him. However, Zhao Ziyang can do nothing on this question, because his son used no advantages provided by him in doing business other than the signboard of his name. Besides, Zhao Dajun is free from the bounds of party discipline, because he is not a party member even to this day. He once told his friend that he did not want to join the party, but if he should, he would rather join a democratic party. His aspirations are thus different from those of the "princes party" members who have engaged in political affairs.

Over the past few years, Zhao Dajun has used Shenzhen as a base for trading. The confessional materials of Liu Haoran, the leader in the biggest swindling case since the founding of the PRC, which were sorted out by the Central Discipline Inspection Commission, said that Zhao Dajun was the honorary chairman. This is true, but some people in the know said that Zhao Dajun only had the name of honorary chairman in this technology development company. The reason why people were so shocked by the case is that Liu Hoaran, who had no money at all, was able to wangle 7.8 billion yuan's worth of contracts in as little as 5 months and spent nearly 500,000 yuan in cash in the same period.

Liu Haoran was originally a wandering convict. From his career of wandering from place to place in both north and south China, he summed up the following experiences in 15 Chinese characters: "Beijing relies on its good fortune, Shanghai relies on its reputation, and Guangzhou relies on its foreign flavor." In the autumn of 1984, when he went to Guangzhou, there was a fever of speculation in foreign exchange on Hainan Island. He lied that his "company" had $500,000 to sell and thus easily got 2.2 million yuan from the Guang Li Company in Lingshui County, Hainan Island. Then the boss of this "briefcase company" made use of the bank accounts of two other units in Guangdong by cheating and changed this sum of money into the capital and business funds of his "company." He repeatedly announced that a certain senior officer of the central authorities was his backstage boss. Thus, in as little as 5 months, he signed more than 110 trade contracts with 88 units from 17 provinces and municipalities, with a total amount of 7.8 billion yuan. In almost every trade, he required the other side to prepay 30 to 80 percent of the funds needed so that he would have enough working capital to meet his personal needs. Most of the contracts he signed with other units involved more than 1 million yuan. For example, the Jin Long Trading Company of Kaifeng City, Henan Province erroneously believed that Liu was capable of providing 3.6 million tons of corn and signed a contract with him for 1.48 billion yuan's worth of corn. However, although they had prepaid the money, they did not get a single ear of corn.

In Beijing, many people are talking about Document No 28 of the Central Discipline Inspection Commission, because it is different from other ordinary documents and is directed at the vulnerable points of Hu Yaobang and Zhao Ziyang. Quite a few of them hold identical views with my friend, who knows the inside story. They all appreciate Hu and Zhao's statements, saying that this magnanimous response toward Chen Yun's letter may offset the damage to the image of the reformists.

The Misgivings in the People's Hearts

However, more people in Beijing suspect the CPC's sincerity in "hunting big tigers." They think that advancing the transmission of this document to the lower levels may imply some other intention. The rectification of personnel matters in the foreign trade departments will not start until January 1986, but the document has been promulgated a quarter earlier. Why was that? Does this not mean giving the senior cadres' children the opportunity and time to withdraw from the commercial departments of their own accord so that they may not be in an awkward position in January 1986?

A friend who has just returned to Beijing after a business trip to the Shenzhen Special Economic Zone told me that merely by selling the ratification documents for exporting rabbit hair, a daughter-in-law of a certain senior cadre in the central authorities had already "reaped a bumper harvest" before Document No 28 of the Central Discipline Inspection Commission was issued. After the document was transmitted to the lower levels, she immediately closed her office in a guesthouse in Guangzhou in November. It is said that Zhao Dajun has also left Shenzhen now.

Now both cadres and masses are watching attentively the development of these events. Some people even suggest that no matter what results may be achieved in the January rectification in the trade departments and in clearing the senior cadres' children out of the commercial circles, they hope that the CPC will make known to the public all the details concerned.

Can the reformists make a good showing in this challenge?

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FOREIGN MINISTRY REPLIES TO SRV ON XISHA VISIT

OW070808 Beijing XINHUA in English 0748 GMT 7 Jan 86

[Text] Beijing, January 7 (XINHUA) -- A Chinese Foreign Ministry spokesman refuted a recent Vietnamese claim to China's Xisha and Nansha Islands in a statement issued here today. According to the statement, a spokesman for the Vietnamese Foreign Ministry issued the statement last Saturday, clamoring once again that the Xisha Islands and Nansha Islands were "Vietnamese territory".

The Vietnamese spokesman attacked General Secretary Hu Yaobang of the Chinese Communist Party Central Committee for his recent inspection tour of China's Xisha Islands where he joined the garrison troops there in the new year celebrations.

"As is known to all, like the Dongsha and Zhongsha Islands, the Xisha and Nansha Islands have been China's sacred territory since ancient times. China has indisputable sovereignty over these islands, which brooks no encroachment by any foreign country," the Chinese spokesman said. "As General Secretary Hu pointed out during his inspection tour of the islands," he said, "we do not want a single inch of territory from any foreign country, nor do we allow anyone to occupy a single inch of our great motherland." He said that the groundless attack by the Vietnamese authorities only serves to lay bare once again Vietnam's obstinacy in continuing to oppose China and persisting in its aggression and expansion.

U.S. STUDIES RETALIATORY OPTIONS AGAINST LIBYA

OW070739 Beijing XINHUA in English 0637 GMT 7 Jan 86

[Text] Washington, January 6 (XINHUA) -- President Ronald Reagan and his top national security advisers today reviewed "retaliatory moves" against Libya, administration officials said. The officials said Reagan has narrowed his options to using economic pressure and has rejected, at least for the moment, military action against Libya. Both the White House and State Department did not elaborate on the plan.

The United States has accused Libya of being linked to the December 27 terrorist attacks on the Rome and Vienna airports in which 19 people died, including five Americans, and more than 100 were wounded. Libya has denied any involvement in the airport attacks. Libyan leader Mu'ammar al-Qadhdhafi has warned that any U.S. attacks on Libya would be answered by suicide squads' striking inside the United States.

Late last week, the United States ordered the aircraft carrier Coral Sea, with four squadrons of F-18 strike fighters aboard, to the central Mediterranean. There are now about 24 U.S. ships stationed in the Mediterranean in the event Reagan orders military reprisals, according to a Pentagon spokesman. Meanwhile, the United States has repeatedly urged its Western allies to impose economic and political sanctions against Libya. Western European countries, however, have reacted coolly to the plea. There are also signs of growing concern, particularly among countries in the Mediterranean, over a possible flare-up of violence.

The United States imposed a ban on importing Libyan oil and severed diplomatic relations with Libya in 1981 when U.S. Navy jets shot down two Libyan fighter planes over the Gulf of Sidra.

USSR, U.S. TO BEGIN TALKS ON CHEMICAL WEAPONS

OW050318 Beijing XINHUA in English 0248 GMT 5 Jan 86

[Text] Washington, January 4 (XINHUA) -- The United States and the Soviet Union are soon to begin talks on preventing the spread of chemical weapons throughout the world, reported THE WASHINGTON POST today quoting officials of the Reagan administration. The projected talks on the subject are based on the joint communique by President Ronald Reagan and Soviet leader Mikhail Gorbachev in Geneva last November which pledged to "accelerate efforts" to obtain a worldwide ban on chemical weapons.

In an interview with the POST yesterday, Kenneth Adelman, director of the U.S. Arms Control and Disarmament Agency, said that "the proliferation of chemical armament is gaining momentum." More than 15 nations are now believed to possess chemical weapons compared to five nations in the 1960s, he said.

The United States has charged the Soviet Union of suppling chemical weapon materials, technology or advice to at least six countries listed as having obtained chemical weapons. The U.S. Defense Intelligence Agency also charged in a report issued last October that the Soviet Union had stocked nerve gas at 32 sites in Eastern Europe.

The officials said that the Reagan administration hoped that the forthcoming talks on chemical weapons will inaugurate a long-term U.S.-Soviet cooperative relationship on this issue as that they have already had on preventing the spread of nuclear weapons. But analysts here believe that there is little expectation of a breakthrough in this area in the foreseeable future since the priority of the United States at this moment is to resume production of chemical weapons after a 16-year suspension as a "deterrent" and a bargaining chip with the Soviets. The U.S. Congress approved last month roughly 125 million U.S. dollars for the resumption of chemical weapons production beginning next October.

PRAVDA ACCUSES U.S. OF PURSUING 'NEW GLOBALISM'

OW070330 Beijing XINHUA in English 0255 GMT 7 Jan 86

[Text] Moscow, January 6 (XINHUA) -- Leading Soviet newspaper PRAVDA today sharply denounced Washington for not being interested in peace but added that Moscow is ready to cooperate with the United States and other countries to find solutions to regional controversies.

In an editorial for tomorrow's issue, PRAVDA said that "influential forces in the United States are growing more active in a bid to prevent any improvement in Soviet-American relations." In what is believed to be one of the strongest attacks against Washington since the superpower Geneva summit last November, PRAVDA said Washington is upholding the "slogan of new globalism" in its foreign policy, which "can be summed up as the assertion of the U.S. right to intervene on a global scale in the affairs of sovereign states, to wage against them undeclared wars and covert and overt subversive operations and to pursue a policy of state terrorism."

Apparently referring to U.S. President Ronald Reagan's interview on January 2 with Mexican reporters in which he accused Moscow of being the source of troubles in Central America, PRAVDA said "the outbursts of U.S. 'regional preoccupation,' strangely enough, coincide with those periods which saw signs of a change for the better in relations between the Soviet Union and the United States and opportunites to reach accord on crucial security measures." Some influential forces in Washington "are scared by the positive results of the Geneva summit which provided favorable preconditions for stating a constructive dialogue on regional problems," the editorial said.

Ending on a brighter note, it said Moscow has already "laid stress on the readiness to cooperate with all countries, including the United States, in working out fair and honest political solutions to the existing regional problems."

LOMEYKO DENOUNCES U.S. 'STATE TERRORISM'

OW061842 Beijing XINHUA in English 1835 GMT 6 Jan 86

[Text] Moscow, January 6 (XINHUA) -- The Soviet Union today denounced as "state terrorism" the U.S. statements of possible action against Libya after last month's incidents at Vienna and Rome airports. Government spokesman Vladimir Lomeyko, chief of the Press Department of the Soviet Foreign Ministry, told a news conference here today that the U.S. statements were an expression of "new globalism" of the United States.

"We express the hope that there will not be any aggression, although there are very many facts that indicate it is coming to this," he said. "The United States wants to punish Libya through the use of military force...They are not thinking of how to settle the dispute between the U.S.A. and Libya but how to use military force in the best way..."

However, he refused to be drawn on the Soviet response should the United States carry out what he called its policy of "state terrorism" against Libya, Syria or other countries. He said Moscow is ready to cooperate with other countries in reasonably solving regional conflicts. But he declined to discuss Soviet support for Libya.

BEIJING KOREAN ON CHINESE-KOREAN FRIENDSHIP

SK070401 Beijing International Service in Korean 1100 GMT 31 Dec 85

[Dialogue between two unidentified speakers entitled "1985, Another Year Which Has Decorated a New Chapter in the History of Chinese-Korean Friendship"]

[Text] [First speaker] How are you? In this hour, we would like to recall important events of friendly exchanges between our two countries of China and Korea in 1985, another year which has decorated a new chapter in the history of Chinese-Korean friendship.

[Second speaker] Recalling the important friendly exchanges between our two countries last year, I can say that the most important events were, first of all, the visit to Korea by Comrade Hu Yaobang, general secretary of the CPC Central Committee from 4 to 6 May. Next was the visit of scores of Chinese delegations, including the Chinese party and government delegation led by Comrade Li Peng,member of the Political Bureau of the CPC Central Committee, secretary of the Secretariat, and vice premier of the State Council, to attend the function marking the 35th anniversary of the entry of the Chinese People's Volunteers [CPV] into the Korean front. Thirdly, we can point out the visit of the 500-member Korean youth friendship delegation to China from 23 August to 5 September.

[First speaker] Will you tell us about the visit of Comrade General Secretary Hu Yaobang to Korea?

[Second speaker] Comrade General Secretary Hu Yaobang paid an unofficial visit to Sinuiju, a border city of Korea, from 4 to 6 May, at the invitation of Comrade Kim Il-song, general secretary of the Central Committee of the Workers Party of Korea [WPK]. The emotional and warm welcome given to Comrade Hu Yaobang by some 100,000 citizens of Sinuiju at the compound and plaza of the railway station is still a vivid memory. [music and shouts of crowds]

[First speaker] Even by the shouts of welcome, I think I can see the splendid scene.

[Second speaker] You are right. General Secretary Hu Yaobang said when he met with Comrade Kim Il-song that he was very grateful for such a warm welcome even to his unofficial visit. Through the deep friendly relations between the leaders of the our two countries, who were exchanging heart-to-heart talks with each other, we realized how deep the friendship between the two countries of China and Korea was.

The significance of the visit was clearly defined in the addresses made by Comrade Kim Il-song and Comrade Hu Yaobang at the banquet. Comrade Kim Il-song said at that time:

[Begin recording of Kim Il-song speech -- details unmonitorable]

Comrade Hu Yaobang said at that time:

[Begin recording in Chinese fading into Korean translation] I feel that the frequent mutual visits by the important leaders of our two parties are surely important and surely beneficial, showing how close our two parties, two states, and two peoples are, sharing joy and sorrow with each other.

This made me feel that the great friendship of the peoples of China and Korea, who share their destiny and who are as close as lips and teeth, will not be crushed by any strength under any circumstances regardless of the times, today or in the future [end recording]

[First speaker] Indeed, the mutual visits of the important leaders of our two countries are of profound significance to passing on the Chinese-Korean friendship from generation to generation. Will you tell us about the visit to Korea of the Chinese party and government delegation which began on 24 October last year?

[Second speaker] The Chinese party and government delegation led by Vice Premier Li Peng was a high-level delegation participating in the event marking the 35th anniversary of the CPV entry into the Korean front.

[First speaker] You mean, many delegations other than the Chinese party and government delegation attended this function?

[Second speaker] You are right. The Chinese people's friendship delegation led by Comrade Yang Shangkun; the delegation of the former CPV headed by Comrade (Yu Jienhua); the delegation of CPV heroes; the delegation of bereaved families of the CPV; the delegation of the Ministry of Public Security of China; the delegation of the pan-Chinese Chamber of Commerce and Industry; the delegation of the magazine HONGQI; the delegation of RENMIN RIBAO; the delegation of the Communist Youth League of China and the delegation of Sichuan Province attended the event.

[First speaker] And the song and dance ensemble of the Ministry of Railways of China also visited Korea and gave performances there during that period.

[Second speaker] Various other delegations were invited to participate in these celebrations. Holding bunches of flowers, thousands warmly welcomed our delegations at Sunan Airport and Pyongyang Station in Korea on and around 25 October. Therefore, just before the celebrations, Korea's capital of Pyongyang was swarming with Chinese-Korean friendship. This was significant in deeply recollecting the unforgettable friendship in fighting, in the past, against the common enemy in the same trench and in passing this friendship from generation to generation. All celebrations held during this period literally submerged us in the hot sea of Chinese-Korean friendship.

[First speaker] Let us talk about the visit to China by a Korean good-will inspection group of 500 youths.

[Second speaker] As far as I know, this is the first time in the history of friendly exchanges between our two countries that such a large-scale yough group on an inspection tour held a friendship meeting.

[First speaker] After attending a friendship meeting in Beijing, the Korean good-will inspection group, consisting of 500 youths, toured various places in our country.

[Second speaker] The first team of the inspection group toured Guangzhou, (Sinsu), (Musok), Nanjing, and Shanghai; the second team toured Tianjin, Shenyang, and Dandong; and the third team toured Harbin, Changchun, Jilin, and Tumen. Wherever they went, they were warmly welcomed by our country's youths. A glimpse of a welcoming meeting held at the auditorium of the Chinese People's Political Consultative Conference well exemplifies the warm sentiment of our country's youth toward the Korean youth inspection group.

[Begin recording of a recital of a poem, followed by a Korean translation read by the first and second speakers]

[Second speaker] Why are songs so loud and clear today? Why are flowers so beautiful today? Oh, that is because older brothers and sisters of the Korean youth good-will inspection group are here.

[First speaker] We welcome you. We warmly welcome you. We congratulate you. We warmly congratulate you. We pay noble respects with loud fanfare and wreaths of beautiful flowers.

[Second speaker] We came to know Yalu Jiang through [words indistinct] and we came to know Toraji [a Korean traditional folk song] through [words indistinct]. We heard, from our fathers and mothers stories of friendship, in which the Chinese and Korean peoples have fought together shoulder to shoulder. Older brothers and sisters: You have recited a song on mutual support by the Chinese and Korean peoples.

[First speaker] We know that the Chinese and Korean peoples depend on each other and are as close as lips and teeth.

[Second speaker] Tomorrow, we will cultivate the seed of friendship that brothers and sisters sowed today. Tomorrow, we will live in the flower garden of China-Korea friendship.

[First speaker] We will sow the seeds of friendship on a land covering 9.6 million square km, and plant flowers of friendship in the land of 3,000 ri. We will link Pyongyang and Beijing, China and Korea with the rainbow of friendship decorated with beautiful flowers. Let us gather and hold a friendship meeting in this rainbow of friendship.

[First and second speakers] We cheer the eternal, immortal Chinese-Korean friendship. We cheer the Chinese-Korean friendship that will be inherited generation after generation. [applause] [end recording]

[First speaker] The dedication poem of the youth's vanguard well exemplifies the significance of the visit to China by the Korean youth good-will inspection group.

[Second speaker] That is right. The baton of Chinese-Korean friendship is being passed to the younger generations of the two countries.

[First speaker] Really, the Chinese-Korean friendship, which was formed with blood, will be passed from generation to generation.

[Second speaker] Really, the year 1985 saw a new chapter in the history of China-Korea friendship opened.

[First speaker] That is right.

DPRK WARNS AGAINST 'TEAM SPIRIT' EXERCISES

OW070007 Beijing XINHUA Domestic Service in Chinese 1331 GMT 4 Jan 86

[Text] Pyongyang, 4 Jan (XINHUA) -- Chon Kum-chol, chief of the delegation from the North to the North-South Korean preparatory meeting for parliamentary talks, warned today that should the South Korean side continue the joint military exercise "Team Spirit" with the United States again this year, it would "result in irretrievably serious consequences for the development of North-South relations."

This is North Korea's third warning in 3 days on this matter, following similar remarks on 2 and 3 January by Yi Song-nok, chief of the delegation from the North to the economic talks, and Yi Chong-yul, chief of the delegation from the North to the talks between the Red Cross Societies. So far, two preparatory meetings for North-South Korean parliamentary talks have been held. Both sides have agreed to hold the third meeting on 18 February this year to map out concrete arrangements for the parliamentary talks.

In his statement, Chon Kum-chol said: Despite talks and contacts in various fields between North and South Korea, "progress is still very slow in view of the aspirations for national reunification." He said: The preparatory meeting for parliamentary talks, in particular, has been delayed for more than 4 months due to lack of sincerity on the party of South Korea. Chon Kum-chol stressed that both sides should deal with the talks in a realistic and correct spirit. He urged the South Korean side to do away with its two-faced attitude and not to stage the military exercise hostile to the North.

In recent years, South Korea and the United States staged the "Team Spirit" joint military exercise in South Korea every year from early February to mid-April. In spite of strong opposition from North Korea and international public opinion, South Korea and the United States dispatched over 200,000 troops last year to stage the largest "Team Spirit" exercise since 1976, which led to the disruption of the economic talks between North and South Korea for 6 months.

DPRK PAPER URGES COSPONSORSHIP OF SEOUL OLYMPICS

OW070821 Beijing XINHUA in English 0755 GMT 7 Jan 86

[Text] Pyongyang, January 7 (XINHUA) -- The official Korean newspaper NODONG SINMUN published an article today appealing to South Korea authorities to accept its proposal for both sides to jointly hold the 24th Olympic Games. The appeal came on the eve of the second round of the meeting of representatives from Pyongyang and Seoul scheduled tomorrow in Lausanne to discuss the Olympic Games '88. In the first round of the meeting held last October the North side proposed to co-sponsor the games and share the events which would be held in both Pyongyang and Seoul. But agreement was not reached.

The article said the proposal for co-sponsoring the Olympics conforms with the game's purpose and mission. It is the most realistic proposal for a split Korea, said the article. To co-sponsor the Olympic Games, said the article, would prevent disruption in the games, promote North-South Korean dialogue, and play a positive role in easing military confrontation between the North and the South.

The article said that the North side was capable of holding the Olympic Games. It also noted that many countries had regarded the decision to hold the next Olympic Games in Seoul as incompatible with the basic principle of the Olympic Games, and that they are considering whether they would send delegations to the games. This, said the article, shows the peace-loving people of the world are expecting the North and South of Korea to hold the games jointly so as to guarantee that the Olympic Games proceed smoothly.

NAKASONE REITERATES DESIRE FOR JAPAN-USSR SUMMIT

OW062033 Beijing XINHUA in English 1610 GMT 6 Jan 86

[Text] Tokyo, January 6 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone reiterated today he would like to hold a summit with Soviet leader Mikhail Gorbachev.

In a TV interview with Japan Broadcasting Corp. (NHK), Nakasone said he will be happy if Soviet Foreign Minister Eduard Shevardnadze's forthcoming visit to Japan paves the way for him to visit Moscow or for Gorbachev's visit to Tokyo. He added Gorbachev appears to favor dialogue with Western Europe and to be preparing a positive policy towards Japan.

The prime minister first expressed the wish to go to Moscow while he was in the United States last October. At a new year press conference, Nakasone spoke of an exchange of summit visits. He said further in the interview that he will press the Soviet Union not to sacrifice Asia in achieving disarmament in Europe.

INCREASE REPORTED IN CHINESE RESIDENTS OF JAPAN

OW060800 Beijing XINHUA in English 0751 GMT 6 Jan 86

[Text] Tokyo, January 6 (XINHUA) -- The number of foreign residents in Japan totaled 840,000 at the end of 1984, up more than 10 percent over a decade earlier, according to the Justice Ministry. Most of the foreign residents were Asians, who accounted for 93 percent of the total. The number of Filipinos increased sharply, by 207.4 percent over a decade before. Chinese numbered 67,895, an increase of 44.6 percent. Europeans came second with 18,722, taking up 2.2 percent of the total. Americans came third with 27,882, 3.3 percent of the total.

BANK OF CHINA FORECASTS HONG KONG ECONOMY

HK060953 Beijing XINHUA Hong Kong Service in Chinese 1113 GMT 31 Dec 85

[Report: "Full Text of the Special Article by the Economic Studies Office of the HONG KONG AND MACAO ECONOMIC QUARTERLY No 1, 1986"]

[Text] Hong Kong, 31 Dec (XINHUA) -- The Economic Studies Office of the Hong Kong and Macao Administrative Department of the Bank of China released a special article, entitled "The Economy of Hong Kong Will Maintain Its Steady Development," to be carried by GANGAO JINGJI JIKAN [HONG KONG AND MACAO ECONOMIC QUARTERLY] No 1 1986. Full text of the article follows:

Review of 1985

In 1985, encouraged by the satisfactory settlement of the question on the future of Hong Kong, and by the increasingly extensive and closer economic relations between Hong Kong and the mainland, economic sectors in Hong Kong have shown marked improvement or gained new opportunities for development. On the other hand, the dull major exports market, and in particular the remarkable slowdown in U.S. economic growth, and the decrease in its import demand, have considerably affected Hong Kong's industrial production and marketing. These have been the main motive forces promoting Hong Kong's economic recovery in the past 2 years. This has hindered Hong Kong's economic development as a whole. It is estimated that the annual economic growth is 3.5 percent. This increase, though much smaller than that in the previous year, is by no means inferior to that in neighboring countries or regions.

Among the businesses in the various major economic sectors, real estate and tourism have been rather active. In the first 11 months, the number of transactions and the amount of money involved in the real estate business has increased by 48.9 and 68.7 percent respectively compared with the same period the previous year. There has been an increase of more than 10 percent in the price of houses. The increase in price of large luxury houses exceeds 30 percent. The recovery in varying degrees of the real estate market has brought about a considerable improvement in building construction. Some major housing development projects have started operation. The total floor space of houses completed in the first three quarters of this year exceeds that in the same period of last year by 71 percent, and the import of building machines by 96 percent. There has been a steady development in tourism. More than 2.5 million tourists visited Hong Kong in the first 9 months of the year, topping the number of tourists in the same period of last year by 11 percent. This has been the second consecutive year that a double-digit increase in the number of tourists has been registered. The amount of money spent by tourists totaled $HK 10.5 billion, representing an increase of 6.3 percent compared with last year.

The manufacturing trades, whose goods are mostly for export, and local consumer trades have not scored satisfactory results in their businesses. In the first 11 months, the total value of Hong Kong's exports amounted to $HK 422.6 billion, showing an increase of 5 percent, as against 34 percent in the same period the previous year. Entrepot trade increased by 28.6 percent, but the export of Hong Kong-made products showed a decrease of 6.7 percent as compared with an increase of 34.6 percent in the same period last year. The decrease in the export of Hong Kong goods was chiefly caused by the overall decline in exports to the four major markets, namely, the United States, The United Kingdom, West Germany, and Japan, and also by the impact of the rise of trade protectionism in some countries.

Fortunately, Hong Kong's exports to the mainland in this period continued to register an increase of about 41 percent. Otherwise, the situation would be even worse. There was an increase of only 3.4 percent in import trade during the same period. For this reason, Hong Kong enjoyed a favorable balance of trade exceeding $HK4 billion in the first 11 months. As a result of the weak demand for Hong Kong goods in the major Western markets, Hong Kong's factories have received fewer orders, and business in the major trades were unsatisfactory. The electronics trade was most seriously affected. The decrease in industrial production weakened public consumption power and caused a dull local market. Department stores and restaurants faced greater difficulties and competition.

The banking business continued to grow. By the end of October, the amount of money deposited in banks and deposit-taking companies totaled $HK432.5 billion, representing an increase of 17.4 percent compared with that at the end of 1984; the amount of loans issued totaled $HK438.2 billion, representing an increase of 4 percent over the end of 1984. The interim results of businesses announced by locally registered banks showed a general improvement. Prices of imported goods have been relatively low for the greater part of 1985. This is because the Hong Kong dollar in 1984 and the first half of 1985 was in a strong exchange position. This is also because the inflation rate of Hong Kong's major trade partners in 1984 has been low and the world commodity market has continued to be dull.

Prospects for 1986

Prospects for 1986 show that, in light of the moderate economic growth of Western countries and the increasingly closer economic ties between Hong Kong and the mainland, Hong Kong will progress steadily and obtain an economic growth slightly better than that in 1985.

It is expected that Hong Kong's industrial production and marketing will improve in the new year. There are three main factors beneficial to industrial production and marketing: First, the moderate economic growth of Western countries will probably lead to an increase in their demand for Hong Kong goods. Second, the start of our country's Seventh 5-Year Plan period, together with the steady development of the national economy, will maintain an increase in demand for Hong Kong goods. Third, the recent decline in the exchange rate of the Hong Kong dollar against Western currencies as a result of the weakening of the U.S. dollar will help increase the competitive power of Hong Kong's export goods.

However, it should be seen that Western trade protectionism has thrown increasingly more obstacles in the way of Hong Kong's exports. Although the U.S. "Jenkins-Thurmond bill" has been vetoed by President Reagan, yet other trade protectionist bills will be proposed in turn. Moreover, whether it is extended or not, the "MFA," which expired in July this year, will puzzle the textile exporting countries and regions to a certain extent. Apart from this, our country's import structure will be readjusted. That is, there will be a considerable reduction in the import of consumer goods and a considerable increase in the import of goods and materials used as means of production. For this reason, the export of Hong Kong goods to the mainland will need to go through a process of adaptive readjustment. Because of these factors, Hong Kong's industrial production and marketing will hopefully make a slight improvement in the new year, but can hardly register a marked increase.

The real extate market will witness steady development. Some favorable factors that have promoted the prosperity of the real estate market over the past year or so will continue to exist. These factors are: The market will have an ample supply of funds; more funds will be put into the land property market; banks will continue to offer loans on favorable terms to apartment buyers as a means of using their money; and bank interest rates will remain at a relatively low level and it is unlikely that they will increase by a large margin.

These factors are conducive to the continued development of the real estate market in the new year. However, it should be noted that new changes are developing in the relations between supply and demand: First, a considerably large part of the purchasing power accumulated over the preceding years has been consumed in the past year. As the price of apartments has risen, some people who wanted to buy apartments for their own use adopted a cautious attitude. Second, the slowdown in Hong Kong's economic growth in 1985 and 1986 will weaken the purchasing power of the market. Third, a rather large number of houses of various types are still vacant. More new houses have been completed this year than in the preceding 2 years combined, so that there is an ample supply. Therefore, it is expected that the increase in the price of houses will be depressed to a certain extent in the new year.

Banking will continue to develop steadily in the course of readjustment. The implementation of new banking regulations will help Hong Kong's banks to develop healthily. However, under close supervision by the new regulations, some banks will have to increase their capital, readjust their business policies and improve their management in order to create better conditions for their businesses. Their deposit taking will show a noticeable improvement as funds continue to flow in from the Southeast Asian countries. Yet, they cannot possibly make big progress in the issuance of loans, because the way out for their money locally and overseas is quite limited. The competition among local banks will be more and more fierce.

The stock market will remain active where there are ample funds and interest rates are low. However, after the quick rise in prices over the past year and more, the prices of some shares that have been actively trading are considerably high. Some companies whose shares are traded on the stock market are in a rather difficult situation and are unlikely to improve their businesses in the near future. For this reason, the general market will witness the improvement of individual shares and may show some significant setbacks.

The Hong Kong dollar will remain stable under the premise of fixed issuance of bank notes and unchanged foreign exchange rates. Its exchange rate to the U.S. dollar will fluctuate within a narrow margin. The weakening of the Hong Kong dollar together with the U.S. dollar in the second half of 1985 may raise the prices of imported goods to a certain degree. However, the price rise will be depressed by other factors, such as the drop in prices of raw materials in the world market, the unlikelihood of a rise in prices of other commodites in the near future, and the weak local demand for consumer goods. Therefore, the rise in prices of consumer goods in the new year may be higher than that in 1985, but will still be rather moderate.

Tourism will develop considerably as a result of the further implementation of our country's policy of opening to the outside world and such other favorable factors as the decline in exchange rate of the Hong Kong dollar together with the U.S. dollar.

In short, Hong Kong's economy will meet more challenges in the new year. It is believed that Hong Kong's industrialists and businessmen, who are known for their strong adaptability, will work hard and realistically to usher in a year of steady development, a year better than the last.

LIAOWANG TO PUBLISH EDITION IN HONG KONG

OW031625 Beijing XINHUA in English 1608 GMT 3 Jan 86

[Text] Hong Kong, January 3 (XINHUA) -- A Chinese newsweekly, OUTLOOK WEEKLY, will publish its overseas edition in Hong Kong as of January 6.

Among the major articles carried in the first issue of the edition is an important speech made by Chinese State Councillor Ji Pengfei at a meeting with representatives from Hong Kong's trade unions, educational circles and students organizations during his his recent visit to Hong Kong. The first issue also carries a story on visits to China of Singapore's former First Deputy Prime Minister Goh Keng Swee, a signed article on Taiwan's leadership succession, a leading Chinese foreign relations expert's forecast of the international situation, and interviews with the Quangdong provincial governor and Shenzhen mayor.

The overseas edition of OUTLOOK WEEKLY was started in New York in September 1984 and has since been distributed in North America. Beginning this year, the edition, with a new format and content, will be typeset in Hong Kong, printed simultaneously in Hong Kong and New York, and distributed throughout the world.

The comprehensive news magazine devotes itself to reporting China's policies and trends in political, economic, cultural, diplomatic and other fields, and commenting on major events and developments in China and the rest of the world. Deputy Director of the Hong Kong branch of XINHUA NEWS AGENCY Chen Bojian gave a reception here this evening for the launching of the overseas edition of OUTLOOK WEEKLY in Hong Kong.

HENG SAMRIN ARMY DIVISION REPORTEDLY DISBANDED

OW070750 Beijing XINHUA in English 0722 GMT 7 Jan 86

[Text] Beijing, January 7 (XINHUA) -- An army division of the Heng Samrin regime stationed in Anlong Reap, Pursat Province, Kampuchea, was disbanded late last month as it had only 200 servicemen left after 850 of its men revolted and deserted in mid-December. The revolt ended in many Vietnamese casualties, according to radio Democratic Kampuchea today.

The radio also said that a group of the Heng Samrin trooops stationed in Sisophon of Battambang Province killed and wounded nearly 100 Vietnamese troops in a mutiny on December 28. The rebel soldiers deserted after the mutiny.

PHILIPPINE DIPLOMAT RESIGNS TO SUPPORT AQUINO

OW062035 Beijing XINHUA in English 1557 GMT 6 Jan 86

[Text] Manila, January 6 (XINHUA) -- The Philippine head of a United Nations agency today resigned her office in the Philippine Foreign Ministry and pledged her support for opposition presidential candidate Coazon Aquino. Leticia Ramos-Shahani, a cousin of President Ferdinand Marcos and a sister of Armed Forces Vice Chief-of-Staff Fidel Ramos, was U.N. assistant secretary-general for social development and humanitarian affairs before her resignation.

In a press statement, Mrs. Shahani said she resigned as "chief of mission, class 1" in the Philippine Foreign Service, a position from which she as been on leave without pay since January 1981. However, she would remain head of the Vienna-based Center for Social Development and Humanitarian Affairs, as an appointee of U.N. Secretary General Perez de Cuellar. She resigned after Acting Foreign Minister Pacifico Castro reminded her that as a diplomat she should not engage "directly or indirectly in any partisan activity or take part in any election except to vote," she said. However, she said she supported Mrs. Aquino in her capacity as a private citizen. She has reportedly asked a women's group to vote for Mrs. Aquino.

YEAR-ENDER ON 'STALEMATE' IN BANGLADESH POLITICS

OW301922 Beijing XINHUA in English 1833 GMT 30 Dec 85

["Year-ender: Stalemate Persists in Bangladeshi Politics (by Wu Dingbao and Xuan Zengpei)" -- XINHUA headline]

[Text] Dhaka, December 30 (XINHUA) -- The much-talked-of and long-awaited national elections in Bangladesh have yet to take place as 1985 has seen no breakthrough in the country's political stalemate.

The stalemate was caused by the emergence of diametrically different views between the martial law government and the opposition over a major political issue here -- how the constitutional system is to be revived. The martial law government headed by H.M. Ershad insists that national polls should be held under martial law as in the past while the opposition demands that the martial law be lifted and a parliamentary election held before any other elections and under a neutral government.

The situation changed with the holding of a nationwide referendum in March, 1985 after the government reimposed a ban on political activities. Ershad won a landslide victory in the referendum by collecting 94 percent of the votes. This stunned the opposition groups -- mainly the seven-party combine and the 15-party alliance -- in their drive against the martial law government. But the referendum has solved no problems. It remains to be the public's feeling that the martial law cannot exist permanently and that national polls have to be held to establish a democratic government.

President Ershad announced recently that the ban on open political activities will be lifted from January 1, 1986 to create a congenial atmosphere for national elections. The opposition parties, however, have reacted negatively to the announcement and renewed their demands. They staged massive anti-government demonstrations and rallies in Dhaka on December 16 when restrictions on open political activities were still in force. But both opposition alliances have reportedly suffered from poor leadership, inter-alliance differences and a split-off of some parties for joining the government.

On the other hand, the pro-government National Front formed by five political parties in September this year has not yet established its grass-roots organizations and popularity among the people. Political observers here believe that the prospect of early elections is dim as both the government and the opposition are not prepared.

Since the martial law government refuses to consider itself a purely interim one with no stake in the country's future politics, the opposition parties are planning to hold rallies and processions all over the country on the coming New Year's Day to press home their demands. There are no signs in sight of easy reconciliation between the two sides. But observers here maintain that the opposition might be tempted into elections by an announcement of election dates and a reasonably neutral posture to be assumed by the government just as it did before March this year when the martial law apparatus was dismantled and the ministers from pro-government political parties resigned.

POLISH OFFICIAL EXPECTS INCREASED TRADE WITH PRC

OW050750 Beijing XINHUA in English 0739 GMT 7 Jan 86

[Text] Warsaw, January 5 (XINHUA) -- Polish-Chinese trade will likely be expanded on a larger scale during the next five years, Edward Pietrzak, chairman of the China Committee of the Polish Foreign Trade Chamber, said here Saturday.

Expressing satisfaction with the growth of trade exchanges between the two countries last year, Pietrzak said that the targets, set by the Polish-Chinese trade agreement for the 1986-1990 period, could be over-reached. Pietrzak said many Chinese consumer goods are of high quality and have found a good market in Poland. In turn, he noted, Poland is attempting to study the Chinese market and to provide fine products which fit the demands of Chinese consumers.

The new committee of the Polish Foreign Trade Chamber was formed last April to promote trade relations between Poland and China.

YUGOSLAVIA CONDEMNS ISRAELI MILITARY THREATS

OW061905 Beijing XINHUA in English 1852 GMT 6 Jan 86

[Text] Belgrade, January 6 (XINHUA) -- The Yugoslav Foreign Ministry today condemned Israel's military threats against Libya and other Arab countries, and appealed to all parties concerned to exercise restraint in facing the mounting tension in the region. Yugoslavia is deeply concerned with the developments in the Mediterranean region, where tension is growing and military interference is being threatened, the Foreign Ministry said in a statement. Yugoslavia firmly condemns Israeli threats of aggression against some Arab countries, Libya in particular, it added.

The statement said Yugoslavia supports the Arab League Council's recent condemnation of such threats, and calls on all sides concerned to refrain from issuing threats or using force. Terrorist attacks in the Rome and Vienna airports last month, the statement added, cannot be used as an excuse for taking actions against the territorial integrity of independent sovereign countries.

BRANKO MIKULIC NOMINATED TO SFRY LEADERSHIP ROLE

OW062045 Beijing XINHUA in English 1839 GMT 6 Jan 86

[Text] Belgrade, January 6 (XINHUA) -- Yugoslavia's state presidency has officially nominated Branko Mikulic to succeed Prime Minister Milka Planinc, whose four-year mandate ends in May, the official news agency TANJUG reported today. But, according to the Constitution, the nomination of Mikulic, 57, will be debated through the Federal Conference of the Yugoslav Socialist Alliance of the Working People, a Yugoslav mass political organization.

Mikulic, of Croatian nationality, was formerly the head of the Communists League and he headed the Olympic Organizing Committee for the 1984 winter games held in Sarajevo.

XINHUA INTERVIEWS CHAD'S HABRE ON RELATIONS

OW041312 Beijing XINHUA in English 1303 GMT 4 Jan 86

[Text] Ndjamena, January 3 (XINHUA) -- Chad's President Hissein Habre said Friday that with the end of warring across Chad, "the relations of friendship and cooperation between Chad and China will find a new momentum and a new dynamic."

In an interview with XINHUA, Habre said that because of war throughout Chad, relations with China "have suffered" and China was forced to temporarily close its embassy. "But today," Habre said, "this temporary situation is part of the past since the Chinese ambassador is coming to reopen the embassy doors." Habre said, "China, who belongs to the large family of countries of the developing world, has a great experience in the areas of economic and social, technical and technological development. The basis for the development of our relations is very large."

On situations inside his country, President Habre said that the agreement signed recently in Libreville between the Chadian Government and the opposition groups will be effective for the enhancement of national unity and the consolidation of peace in Chad. The support from the international community not only contributed to Chad's reconstruction after war, but also will be important to the process of peace and reconciliation in his country, the president added to XINHUA.

Habre noted that the temporary economic rejuvenation plan of Chad beginning from 1986 is aimed at a higher level of the country's economic and social development compared with that before the war. He further showed his confidence in the realization of the plan made by the Chadian Government with the effort of the Chadian people and the support of the international community.

TRADE PROTOCOL SIGNED WITH UAE IN ABU DHABI

OW061322 Beijing XINHUA in English 1302 GMT 6 Jan 86

[Text] Kuwait, January 6 (XINHUA) -- A protocol on trade cooperation between China and the United Arab Emirates (UAE) was signed in Abu Dhabi last night, it was learned here today. The protocol, aimed at activating trade between the two countries was signed by Sajied Ahmad al-Utaybah, president of Abu Dhabi Chamber of Commerce and Industry, and Wang Yaoting, president of China's Council for Promotion of International Trade. After signing the protocol, UAE Minister of Economy and Trade Sayf al-Jarwan described the protocol as a new step of in economic cooperation between the two countries.

The UAE and China established diplomatic relations in November 1984 and signed an agreement on economic, trade and technological cooperation last November during Chinese Vice-Premier Yao Yilin's visit to the country. A Chinese delegation headed by Wang, arrived in the UAE Saturday. It met Shaykh ibn Sultan al-Qasimi, ruler of Sharjah and member of the UAE Supreme Council yesterday. The two sides discussed ways of strengthening relations in different fields between the two countries.

CROCKER REAFFIRMS U.S. SUPPORT FOR SUDAN

OW070302 Beijing XINHUA in English 0157 GMT 7 Jan 86

[Text] Khartoum, January 6 (XINHUA) -- Visiting U.S. Assistant Secretary of State for African Affairs Chester Crocker today told Sudanese military leader General Siwar al-Dhahab that the United States will continue to support Sudan and is ready to provide aid to the African country in the future.

According to the SUDAN NEWS AGENCY, Crocker, who met with Gen Siwar al-Dhahab shortly after he arrived here today, said that the American people are watching with profound interest the democratic changes currently taking place in Sudan.

Crocker also met today with Sudanese Prime Minister al-Jazuli Daf'allah and Foreign Minister Ibrahim Taha. They discussed events taking place in Sudan since the bloodless military coup in April last year. Washington has been deeply concerned about improved Sudan's relations with Libya and the Soviet Union, although the new Sudanese Government time and again declared the improvement of its relations with other countries will not hamper its relations with the United States.

XINHUA REPORTS LIBYAN DEMONSTRATIONS AGAINST U.S.

OW040450 Beijing XINHUA in English 0203 GMT 4 Jan 86

[Text] Cairo, January 3 (XINHUA) -- Demonstrations were held today in several cities of Libya against the United States and Israel, according to Tripoli radio monitored here. The demonstrators expressed the Libyan people's determination and readiness to face any possible attacks against the country, the radio said.

Since the attacks at the international airports in Rome and Vienna last Friday, Israel and the United States have repeatedly threatened to take retaliatory actions. Israeli Premier Shimon Peres said on New Year's Day that Israel will use its available means against the bases of any terrorists and organizations. He also named Libya as the first state supporting terrorism. Meanwhile, the U.S. State Department announced the same day that Libya was involved in the terrorist attacks and the U.S. joint staff had drafted a list of the military options which were aimed at punishing terrorists. Libya has reportedly denied its involvement in the twin attacks and declared its condemnation of international terrorism and its support for the just struggle of all peoples to restore their freedom and national rights.

Meanwhile, a report from Damascus said a Syrian official spokesman reiterated in a statement today that "Syria will take political, military and other measures to support Libya in confronting possible U.S.-Israeli attacks." The spokesman also urged all Arab countries to support Libya and one another in resistance against "all kinds of aggression."

ENVOY TO SEYCHELLES PRESENTS CREDENTIALS

OW061314 Beijing XINHUA in English 1306 GMT 6 Jan 86

[Text] Victoria, January 6 (XINHUA) -- New Chinese Ambassador to Seychelles Huang Guocai presented his credentials to Seychellois President France Albert Rene this morning in the State House. The ambassador and the president discussed cooperation and friendly relations between the two countries.

Huang arrived in Seychelles on January 2.

COMMENTATOR VIEWS CAREER OF SWINDLER DU GUOZHEN

HK061124 Beijing RENMIN RIBAO in Chinese 30 Dec 85 p 1

[Commentator's article: "What Is Shown by the Career Rise and Arrest of 'Du, the God of Fortune'?"]

[Text] Regional papers have recently reported many shocking cases of fraud and profiteering that involve amounts ranging from tens of thousands to millions of yuan. However, compared with the big swindler Du Guozhen, those swindlers are nothing.

Du Guozhen once had such magic powers that he became the so-called "god of fortune" who some people respected. Within a few months, he swindled more than 100 million yuan, smuggled goods worth more than 20 million yuan, and gained 120 million yuan through profiteering and speculation.

People might think that Du Guozhen is a very skillful and experienced swindler. But when people read the reports about this "god of fortune," they may be disappointed. At the very beginning, Du Guozhen only boasted that he had a certain "background" in Taiwan and Hong Kong. Such lies could easily be exposed. But after one person believed, soon 100 followed, and then a farce began. To go from being a "worker-substitute cadre-office clerk" to a well-known "god of fortune," Du Guozhen had to pass various barriers. Had a red light been lit at any of these barriers, Du would have been stopped. However, Du passed all these barriers without any difficulties with the help of money. From this farce, people can see that it is not that "Du, the god of fortune" who had excellent swindling skills, but that some party and government cadres were extremely foolish and sold honor for money.

The deal concerning power and money is strange. The collaboration of cadres who have carried out revolution for decades and a swindler is likewise strange. The service given to the swindler by some of our party and government organs, financial and commercial departments, traffic departments, customs areas, and political and legal departments, and some of our party and government institutions, which even became the working bodies of the swindler, are strange types of service. What a shocking farce! What people cannot understand is that some cadres were very enthusiastic in following the "leftist" line and despised those who have relatives in Taiwan, Hong Kong, or foreign countries in the past, but now they have an insatiable desire for these relations and try in every way to make connections with people who have these relations. This is why they so easily got hooked. In the whole farce of "Du, the god of fortune," the cadres who were fooled and engaged in criminal activities only played a minor role. However, without the cooperation of those cadres, Du Guozhen, who played a leading role in the farce, would not have had such great magic power. In a certain sense, the "role" played by those who played a minor role in the farce overshadowed the "role" played by the leader in the farce.

Can we say that these cadres were fooled or participated in the illegal activities due to "bureaucratism" or "lack of experience"? Serious bureaucratism, lack of vigilance against criminals, and lack of experience were certainly causes, but these are not all. "Du, the god of fortune" presented large sums of money and high quality consumer goods to the cadres and the cadres gladly accepted them, and these things later became their private property. Can we say that this was caused by "bureaucratism" and "lack of experience"? They lack the concept of discipline, a concept of the legal system, and the concept of serving the people wholeheartedly, which all party members and government cadres should have. So it is more appropriate to say that they "sought private gain by making use of their power."

Our socialist China is, after all, not a paradise for adventurers. How can the strong people's democratic dictatorship tolerate a handful of demons who fan the flames of disorder! "Du, the god of fortune" and other swindlers and offenders in economic crimes have been or will be inevitably exposed and punished according to the law. In 1982, Comrade Deng Xiaoping pointed out: "We must have duel tactics: One is to stick to the policy of opening up to the outside world and invigorating the domestic economy, and the other is to resolutely crack down on economic crimes." He has repeatedly stressed: "The struggle to crack down on economic crimes is based on our adhering to the socialist road and realizing the four modernizations. This is a constant struggle and task." At present, the situation of the reform and opening up to the outside world is very good, but some localities have relaxed their struggle of cracking down on the offenders of economic crimes. The leading organs at various levels must continue to increase their understanding of the importance of carrying out this struggle, must not carry out one tactic while forgetting the other, must not take the struggle of cracking down on economic crimes as a temporary matter, must not care about personal relationships and ignore principles, and must observe the law and strictly implement it.

The career rise and the consequent arrest of "Du, the god of fortune" is a powerful example that may serve as a lesson. Although a shocking farce has ended, it has left people thinking:

Are there still any swindlers like Du Guozhen in our country?

Are there still any farces like this one in our country?

Are there any people who are being cheated by swindlers but are, at the same time, shamefully helping the swindlers?

Are there any loopholes in our work of which swindlers can avail themselves?

CIRCULAR STRESSES PUBLIC ORDER IN PORT CITIES

OW041150 Beijing XINHUA Domestic Service in Chinese 0217 GMT 3 Jan 86

[Text] Beijing, 3 Jan (XINHUA) -- The Ministries of Public Security and Communications recently issued a joint circular, calling on coastal port cities to consolidate public order and concentrate efforts on combating existing crimes and negative social phenomena in order to improve the public order of all port cities throughout the country.

The circular said: Along with further opening the coastal ports to the outside world over the recent years, more and more foreign vessels and tourists have visited Chinese ports. The public order in the coastal port cities is, in general, good; however, new problems have also cropped up in the course of opening to the outside world. Due to backward administrative work and the influence of decadent capitalist ideas and lifestyle, negative social phenomena that once were eliminated have now reemerged and have been spreading.

The circular called on all localities to increase supervision over the security of public places in port cities, and urged each department concerned to set up a strict management system, or improve the system, in accordance with relevant regulations concerning seamen's clubs, dance halls, guesthouses, and taxis. Public security organs should intensify their supervision and inspection over these places, and organize patrolling and joint prevention of crimes in order to earnestly investigate any illegal activity and severely punish, in accordance with the law any criminal once discovered. It is necessary to hold responsible leaders of public places who have made convenient, connived at, or shielded criminal activities, or even order them to suspend business for rectification or shut them down.

The circular pointed out: Departments concerned in all ports should publicize Chinese laws and relevant security regulations among foreign seamen in order to enable them to familiarize themselves with and abide by the laws. Foreigners who have violated Chinese law should be punished according to law and given economic sanctions. Criminal liability should be affixed to those who have violated the criminal law.

The circular also called on all port authorities to strengthen the education on the legal system among staff and workers, as well as the supervision over personnel working for foreign vessels. In order to reinforce discipline concerning foreign liaison affairs, it is also necessary to teach the large number of staff and workers conscientiously to abide by law and discipline, safeguard the motherland's honor by refraining from doing things damaging to national or individual dignity, and earnestly maintain good public order in port cities.

In conclusion, the circular said: All coastal port cities should, under the leadership of local party committees and governments, cooperate with departments concerned in taking concerted action to turn the coastal port cities into showcases of socialist spiritual civilization.

HU YAOBANG INSPECTS GUANGDONG'S MAOMING CITY

HK040557 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 4 Jan 86

[Text] CPC Central Committee General Secretary Hu Yaobang, accompanied by Guangdong Provincial CPC Committee Secretary Lin Ruo, inspected Maoming City on 1 and 2 January. On the morning of 2 January, General Secretary Hu Yaobang enthusiastically wrote the inscription "New outlook in the new year" in the meeting room of the city CPC Committee. He urged the cadres and workers of the city to make more contributions to developing China's oil refining and chemical industry, and urged the people of the mountain areas to exploit fully and use the land, mountains, and waters to develop commodity production and get rich through hard work.

On the afternoon of 1 January, Comrade Hu Yaobang visited the cadres and workers of the Maoming Petroleum Industry Company and asked about the state of oil processing in the company. He shook hands with the workers and extended greetings to them in the hydrocracking workshop. He watched them at work and praised their achievements. He urged the cadres and workers to work hard to master advanced modern technology so as to make more contributions to developing the oil and chemical industries.

On 2 January, General Secretary Hu visited the two mountainous counties of Gaozhou and Xinyi and held a forum with the cadres. He repeatedly praised the work of Gaozhou County in using its mountains to promote diversification. He said: All mountain areas in the country should develop industrial crops.

HU YAOBANG VISITS GUANGDONG MOUNTAIN AREAS

HK050148 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 4 Jan 86

[Text] Following his inspection tour of Maoming City, Hu Yaobang, general secretary of the CPC Central Committee, arrived at Zhaoqing Prefecture on 3 January. Comrade Hu Yaobang inspected work in Luoding County, Yunfu County, and Zhaoqing City. He listened to reports given by prefectural CPC Committee Secretary Huang Rongxin and responsible comrades of the city and counties. During his stay in Yunfu, the responsible comrades of the county gave an account of the advanced technology and equipment imported to develop marble production.

They also explained to Comrade Hu Yaobang the development of the county's building materials industry. Hu Yaobang personally went to the Yunfu openpit iron mine to get first hand information about the mine's ore resources and production, and to extend his regards to the miners working in the forefront.

Hu Yaobang arrived at Zhaoqing City, a place well-known at home and abroad for its Qixing Caves. He climbed Bohai Tower and discussed questions concerning the development of tourism in Guangdong with the responsible comrades of the province, prefecture, and city.

While in the mountainous areas in western Guangdong, Comrade Hu Yaobang discussed questions concerning the development of the economy of the mountainous areas with the cadres at various levels. He expressed satisfaction with the achievements made by some counties of western Guangdong in developing their economy. He said that industrial crops can be developed in the mountainous areas throughout the country. In the northern areas, the industrial crops that can be developed include walnuts, haw, and medical herbs. I said 5 years ago that we should not put undue stress on cultivated land. We should take into account the total area, which includes farmland, soil, mountains, and water. We should make full use of all factors. The general secretary's remarks enlightened the cadres at all levels. They expressed their determination to use their brains and further develop the economy of the mountainous areas.

HU YAOBANG TALK ON RURAL WORK POLICY REPRINTED

OW070217 Beijing Domestic Service in Mandarin 1200 GMT 4 Jan 86

[Text] NONGCUN GONGZUO TONGXUN [RURAL WORK NEWS], which will be off the press tomorrow, carries an article on rural work policy by Hu Yaobang, general secretary of the CPC Central Committee. The article, which is a part of a talk by Comrade Hu Yaobang at a report meeting held in Baoding Prefecture, Hebei, on 5 January last year, made a brilliant exposition on village and town enterprises, reform of the rural production structure, and on how to bring about changes in the nation's appearance.

In reforming the rural production structure, Comrade Hu Yaobang emphatically pointed out the need to integrate planting, breeding, and processing into a coordinated process. He said: Rural production begins with planting. Grain planting comes first. We should not neglect the production of either staple food grain or nonstaple food grain. The output of both should be increased. Then comes the planting of industrial crops, which also should not be neglected. The intermediate link in the process is the breeding industry. Convert as much as possible of the harvested crops into feed for hogs, oxen, sheep, and poultry. The last link in the process is a rural industry for processing farm produce, livestock, and poultry into various commodities. Thus a coordinated process is formed linking planting, breeding, and processing.

Comrade Hu Yaobang pointed out that in some developed countries, when their economy has developed to a certain degree, few of their people are willing to engage in planting and breeding, thereby causing their agriculture to shrink. We should draw a lesson from their experience.

Touching on the development of forestry and other undertakings, Comrade Hu Yaobang said: By the appearance of a nation, we mean three things: first, the appearance of its people; second, the appearance of its cities and towns; and third, the appearance of its natural environment. But, currently, the most important question is what we must do to improve the appearance of our natural environment. Without solving the problem of afforestation, we cannot be expected to change either the appearance of our natural environment or that of the entire nation.

He pointed out: The circle of afforestation is big and its benefits are slow in coming. With the improvement in our financial situation, we must allocate some funds to support afforestation with industry. Concerning the question of improving the nation's appearance by greening the land, Comrade Hu Yaobang proposed to simultaneously plant arbors, shrubs, and grass and to pay equal attention to cultivating timber, orchards, and medicinal herbs.

LIAOWANG COMMENTATOR ON PRESENT RURAL SITUATION

HK070316 Beijing LIAOWANG in Chinese No 51, 23 Dec 85 p 4

[LIAOWANG commentator's article: "The Rural Situation in China Today"]

[Text] What is the rural situation in China today? According to the message conveyed by the national conference on rural work, held once a year, the present situation can be summed up in a word: Good! This is the consensus reached by experts on rural problems from various parts of the country, leading cadres in charge of rural economic work from various provinces, prefectures and counties, and experts and scholars in various fields after conscientious discussions.

China's rural work in 1985 has been carried out under the following conditions: Several regions suffered heavy losses because of severe floods and windstorms; efforts have been made to start readjusting rural industrial set-ups, and the second stage of rural economic reform has been carried out simultaneously with the urban economic reform. All this has made this year's rural work complicated to a certain extent. However, the rural situation is good as a whole. Let us look at the following facts:

-- There is still a good harvest in agricultural production, and peasants have continued to increase their incomes.

-- An important step has been made in readjusting rural industrial set-ups. The output of various industrial crops and production of various undertakings has increased by a fairly big margin except grain and cotton.

-- After the reform of the purchase and sales system, there are more channels for commodity circulation, more flexible management methods have been adopted, and the scale of circulation has been expanded. Various kinds of contract responsibility systems based on output have been further improved and enhanced. There is a new development in socialized service.

-- Enterprises run by towns and townships have been developing very rapidly. A cumulative total of more than 60 million surplus labor force has been shifted to industry and commerce. It is expected that the output value of enterprises run by towns and townships will reach more than 200 billion yuan, which will occupy an important position in the total output value of industry and agriculture throughout the country.

-- Town and township enterprises run by peasants have speeded up the construction of small cities and towns and accelerated the modernization process of the rural area.

In a word, China's agriculture has made a new step in the course of progressing from the natural economy to the commodity economy. A new situation of all-round development in farming, forestry animal husbandry, sideline occupations and fisheries and in the systematic management of agriculture and industry has occurred in many regions.

The output of grain and cotton has dropped slightly throughout the country this year. However, we should make a specific analysis of this. This year we have reduced the acreage under cotton and cotton output in a planned way. At present, the state still has a fairly large stock of cotton. Slightly reducing it will be beneficial to the state and peasants. Compared with last year, it is estimated that this year's grain output will be reduced by 50 billion jin. This is because: 1) There truly have been severe natural calamities this year. Bumper harvests that some localities were expected to reap came to nothing. 2) Through the readjustment of production set-ups, some farmland has been used to promote forestry and animal husbandry, and the acreage under grain has been reduced. It is normal to do this on the whole. 3) Some localities have slackened their management, and pursued a crude and careless style of administration. There have been some problems in their work. However, the situation in grain production should not be assessed by the production of 1 year alone. It should be judged by whether there has been a fairly large average increase over several years. Our country has reaped a bumper grain harvest for 6 years in succession with an average annual increase of 34 billion jin. Although our grain output has dropped this year, the total grain output will not be lower than that of 1982, a bumper harvest year. At present, the state has an ample stock of grain, and peasants still have some surplus grain. The market supply of grain can be fully ensured. In a small number or regions, grain might be in rather short supply. However, as long as we do well in redistributing grain, this problem can be solved.

Of course, there are some problems that merit our attention. These problems are: In the course of readjusting industrial set-ups, some localities have failed to pay sufficient attention to proceeding from actual conditions. They have gone too fast. Too much land has been occupied for capital construction and building houses for peasants. In some localities, the gap between the income from grain production and that from industrial and sideline production is too big. The prices of the means of production have gone up, and the burden on peasants who grow grain is too heavy, and so on. All this is detrimental to the peasants' enthusiasm for farming. In some other localities, the peasants difficulties in selling grain have not yet been solved. All these problems should be conscientiously studied and solved.

In a word, the rural situation in China today should be judged not only by the situation in grain production, but also by the rural economic situation as a whole. We should not confine our judgment to the rural situation alone. Instead we should link it with the situation in the national economy as a whole. In this way, we will clearly see that the present situation is truly good. It is appropriate to say that we have found a path for building the socialist rural area through reform. Our present achievements have mainly come from reform. Our progress tomorrow also relies on reform and the constant self-improvement of the socialist system. We should fully affirm the achievements that we have made. We should have a firm determination. With regard to problems occurring on our path of advancement, we should look them in the face and solve them. In so doing, we will be able to promote rural economic reform along the correct path.

REFORM HELPS RURAL ENTERPRISE DEVELOPMENT

OW061148 Beijing XINHUA Domestic Service in Chinese 0147 GMT 1 Jan 86

[Text] Beijing, 1 Jan (XINHUA) -- Rural economic reforms have given strong impetus to the vigorous development of village and town enterprises. According to data provided by the Bureau of Village and Town Enterprises under the Ministry of Agriculture, Animal Husbandry, and Fishery, the total output value of village and town enterprises in China is expected to reach 230 billion yuan in 1985, up more than 59 billion yuan from the previous year, representing an increase of some 35 percent. Village and town enterprises have become the mainstay of the rural economy.

In recent years, following the steady development of rural economic reforms, village and town enterprises, which are suitable for peasants to run and which have promoted their prosperity, have flourished in their own peculiar ways, making lasting contributions to the rural economy as a whole.

Village and town enterprises have absorbed a lot of rural surplus labor. At present, more than 6 million village and town enterprises have absorbed some 60 million peasants, converting them from small producers to a new type of commodity producer possessing specific production skills and specialized knowledge. Engaged in the processing of agricultural and sideline products; building materials, communications, and energy industries; and the service trade; these peasants have adopted the concepts of modern civilization, have learned to utilize economic information, and have acquired production skills. More and more of them have become traders, technicians, engineers, and accountants. Thanks to their efforts, the quality of the whole peasant ranks has improved.

In the way that agriculture is supplemented by industry, village and town enterprises have provided large amounts of funds for agricultural development. In 1984 alone, the funds used in agricultural production and construction amounted to 660 million yuan and those used in allocating farm workers totaled 640 million yuan. The ever-increasing input into agriculture by village and town enterprises is extremely significant to the stability and development of China's agricultural production.

The development of village and town enterprises has made China's countryside "the rear area" for urban industry. Several urban industries, such as clothing, home electrical appliances, foodstuffs, and textiles, have now established strong processing bases in village and town enterprises. In addition, village and town enterprises have undertaken to process and produce quite a number of export commodities. As a result, people usually fail to distinguish between urban and rural areas in those places where village and town enterprises are relatively developed.

In order to maintain the momentum with which village and town enterprises are growing, various localities are readjusting the speed and scope of development, the types of business and products, and the technical structures of some enterprises in accordance with local conditions and actual needs, so that these enterprises will be able to overcome their shortcomings and bring out their strong points and develop more steadily and soundly.

RENMIN RIBAO COMMENTATOR ON DEVELOPING AQUICULTURE

HK061031 Beijing RENMIN RIBAO in Chinese 28 Dec 85 p 2

[Commentator's article: "Seashores Have Great Potential"]

[Text] At the current national conference on sea aquiculture work, more than 10 advanced counties and districts outlined their successful experiences. From their experiences we can see that the local leadership's full understanding of sea aquiculture work is the key to the rapid development of seashores and shallow seas. Now, some localities that have rich sea resources are not developing their seashores and shallow seas effectively. The main reason for this is that their leaders have not realized the significance of this work, and remain shortsighted in this regard.

The development of sea aquiculture in coastal areas will achieve good economic results and does not need any farmland. For example, a shrimp farm of 1 mu will yield a net profit of 400 to 500 yuan a year; and the cultivation of mollusks and algae also are profitable undertakings.

In recent years, many townships, villages, and households have become wealthy through aquiculture. Their successes furnish strong evidence. If a locality has the resources and conditions to develop this profitable undertaking, why should it not immediately take action to develop sea aquiculture?

The development of sea aquiculture is a necessary step to improving the people's livelihood. At present, the supply of aquatic products falls far short of meeting the people's demands. Many aquatic products, such as fish, shrimp, and mollusks that people like to eat, are in short supply. Some high-class hotels in large cities have to import quality aquatic products from abroad. This state of affairs should not continue.

Many sea aquatic products can be exported to earn foreign exchange. For example, prawns, groupers, laver, and various mollusks sell especially well on overseas markets. The export of 1 ton of large prawns will earn an amount of foreign exchange equal to that earned by the export of 83 tons of rice. At present, we have 14 open cities and 4 special economic zones in the coastal areas. We should make full use of all favorable conditions to produce more famous, specialty aquatic products of good quality for export so as to increase our country's foreign exchange income.

In addition, the development of sea aquiculture is the main way to double and redouble the output value of the fishery industry. The party central leadership has set forth a target of guadrupling the output and output value of all sorts of aquatic products by the end of this century. The development of sea aquiculture will play a leading role in achieving this target. The development of sea aquiculture will provide jobs not only for the surplus labor force in coastal areas, but will also attract some fishermen to operate aquatic farms in their home villages or shift to other trades related to sea aquiculture. This will be favorable to the reasonable restructuring of our fishery production and will reduce the labor intensity in the fishery industry. It will also help protect offshore marine resources. In a word, the development of sea aquiculture is of great significance for promoting the comprehensive development of the whole aquatic products industry.

Now we have great potential in the development of sea aquiculture. There is a total of 16 million mu of undeveloped shallow seas that can be used for this purpose. With the development of our technology and economic strength, we will develop more seashores and shallow seas to conduct aquiculture, and will increase the output of the existing aquatic farms. We believe that all party and government leading bodies in coastal areas and all aquiculture workers will continue to make efforts to develop their undertakings during the Seventh 5-Year Plan period so as to bring greater benefit to the people and to future generations.

XINHUA COMMENTATOR ON SUPPORT OF AGRICULTURE

OW040623 Beijing XINHUA Domestic Service in Chinese 0111 GMT 2 Jan 86

[XINHUA commentator's article: "Subsidize Agriculture With Industry To Effect a Balanced Development of Industry and Agriculture"]

[Text] Beijing, 2 Jan (XINHUA) -- In recent years the peasants in some rural areas in China have shown less enthusiasm for grain production because in these rural areas, where the economy is developed due to the fast growth of town and village enterprises there, income from growing grain is less than that earned from operating an industrial, sideline, or tertiary business. This necessitates countermeasures to raise the peasants enthusiasm for grain production by subsidizing agriculture with industry.

Under the current conditions when proper arrangements for the price system have not been completed, there is a relatively practicable and effective way to deal with the situation in addition to such measures as an appropriate increase in state investment, a reasonable readjustment in the contracted purchase of grain, and the practice of the principle of preference for such contracts. The basis of this countermeasure is to offer a reasonable subsidy to those peasants who produce and sell grain to the state by requiring the town and village enterprises to support agriculture with subsidies. This means the local industrial and sideline enterprises will contribute a portion of their income to subsidize agriculture so that the profits made by those engaging in industry and sideline production and those made by the people working for agriculture and grain production will be readjusted.

Some people are worried that the development of industry and sideline occupations will be affected and that the development of town and village enterprises will be affected if industry and sideline occupations are required to subsidize and support agriculture. This concern is unwarranted. One must see the relationship of mutual promotion and mutual assistance between the two. When town and village enterprises are developed and can contribute some money to increase the investment in grain production, the development of grain production will be accelerated. When agriculture is developed, when grain production is developed, and when still more grain can be provided to the people working for industrial and sideline production and still more raw materials and even labor to the town and village enterprises, it will, in turn, create good conditions for the further development of these rural enterprises. A simple fact can illustrate this reasoning: In recent years a labor force of tens of millions of people in the rural areas of China has shifted to nonagricultural departments. This would not have been possible without one condition and that is the increase in grain production. This shows that subsidizing and supporting agriculture with industry and sideline occupations will benefit not just agriculture. The rural enterprises themselves will be benefited also. Fundamentally speaking, to subsidize and support agriculture with industry and sideline occupations is an approach to place industry and sideline occupations and agriculture in proper positions relative to each other and bring about a balanced development of the two. When he was on an inspection and study tour in Henan Province recently, Comrade Zhao Ziyang emphatically pointed out that, judging from the development trend, China's rural areas cannot do without finding a local solution to the question of subsidizing and supporting agriculture with industry and sideline occupations.

Subsidies and support for agriculture can be offered in diversified ways according to the local conditions. Based on the practice in some localities, they can be offered mainly in two ways. One is to proceed from the point of view of distributing the money directly to the people engaging in farming and grain production to compensate them for the difference in their incomes and that of those working in industrial and sideline production. People refer to this as a "blood transfusion" subsidy. This kind of subsidy cannot change the conditions of agricultural production. It cannot raise the peasants' enthusiasm for grain production. All it can accomplish is stabilizing the number of people engaged in agriculture and grain production. It is not a desirable method in the long-term view. The other way is to proceed from the point of view of production and use the subsidies mainly for the purpose of improving the conditions for agricultural production, of popularizing and applying new farming techniques, of developing socialized service before and after production and of developing rural intellectual power. People refer to this as "blood-making" subsidy. This kind of subsidy brings about an increase in the income of grain-growing peasants and a stable and sustained development in agricultural production. Obviously, this is the kind of method worthy of popularization.

As far as the majority of the localities across the country are concerned, they should pursue a long-term policy to subsidize and support agriculture with industry and sideline occupations, support plant-growing with industry and sideline occupations, and support grain crops with cash crops. As a matter of fact, this is the road we have been following over the past few years. Guided by this policy, we will surely be able to raise the peasants enthusiasm for grain production and balance the development of industry and agriculture.

FOOD VARIETY INCREASES; PRICES RISE IN BEIJING

OW040800 Beijing XINHUA in English 0643 GMT 4 Jan 86

[Text] Beijing, January 4 (XINHUA correspondent Yang Jigang) -- More fresh fish, meat and vegetables have been on sale at city markets since the state relaxed price controls last spring.

Fish, for example, was seldom available at major markets in Beijing a year ago. But now it is sold at many small food stores.

More varieties of fresh meat can now be bought by families who only had frozen pork in the past.

And despite the winter's slack growing season, many vegetables, such as cabbages, potatoes, spinach, celery, leeks, carrots, green chillies, tomatoes and cucumbers, are still in sufficient supply. Many of them are fresh and tender.

Before the price reforms, purchasing and selling of major food and agricultural sideline products, including grain, edible oils and fruit, had been mainly controlled by the state. Now, producers can sell their goods to the state or on the open market.

This has promoted the development of nonstaple foodstuffs, added variety to market places, improved quality and helped to ensure regular supplies.

According to statistics from commercial departments, farmers raised more pigs in most provinces, municipalities and autonomous regions last year because the pig purchasing price rose by 30 percent.

Figures from Wuhan, Hangzhou, Shanghai, Tianjin and other big cities show that the variety of vegetables increased from 20 to 40 and the quantity almost doubled after the state relaxes price controls.

Farmers and pedlars are now competing with state-and collectively-run vegetable shops.

In Beijing, it is estimated that 10,000 peddlers are selling vegetables on streets and in residential areas. This has made shopping much more convenient.

However, the change has also pushed up proces, which has led to complaints from urban residents. In most medium and smaller cities, the prices of meat, fish and vegetables rose moderately, but in a few big cities, prices went up considerably.

The retail price of pork, a major part of the Chinese diet, rose by nearly 30 percent in Beijing, but remained within the state's price guidelines, which were drawn up after taking into account the original price and the monthly subsidies given to every consumer to offset the increases.

When price controls on vegetables were first lifted, the retail prices soared by alarming degrees.

This was largely attributed to inadequate preparations. The state vegetable companies suddenly found themselves without ample supplies, and the peddlers took control of the market for a limited period.

The situation has been improved as state companies have organized themselves and acquired supplies. But vegetable prices are not expected to settle at reasonable levels for some time, because the number of vegetable fields has been cut in many city suburbs.

Although the prices of pork, fish and vegetables have risen, other essentials, such as grain and edible oils, cost about the same.

A sample survey shows that a large portion of the increased food bill has been offset by wage rises and bonuses as well as by the monthly price subsidies.

1985 FALL, WINTER SOWING SUCCESSFULLY COMPLETED

OW061317 Beijing XINHUA Domestic Service in Chinese 0206 GMT 1 Jan 86

[By reporter Zhou Yichang]

[Text] Beijing, 1 Jan (XINHUA) -- By persistently carrying out the second-stage reform and continuing to readjust the production setup in the rural areas, China successfully completed its autumn and winter sowing in 1985. At present, the overwintering crops are growing promisingly.

According to statistics from 24 provinces, autonomous regions, and municipalities, the area of autumn and winter grain crops in China totaled more than 440 million mu in 1985, nearly 8 million mu more than in 1984. The total area of rape was some 73 million mu, up some 8.4 million mu, and the total area of green manure was more than 70 million mu, an increase of some 1 million mu.

In 1985, China achieved gratifying results in drastically readjusting the production setup in rural areas. It reaped all-around bumper harvests of all crops except for grain and cotton, whose output decreased. Both total agricultural output value and peasant income are estimated to have further increased in 1985 as compared with 1984. Before the 1985 autumn and winter sowing started, most provinces, autonomous regions, and municipalities held special meetings to sum up experience in reforming the unified and fixed state purchase system and readjusting the production setup, and to make arrangements for the autumn and winter sowing. In 1985, Hebei, Shandong, and Henan Provinces made the most extensive adjustments in crop cultivation. In the course of the autumn and winter sowing, they made readjustments on the basis of local conditions and increased the area of grain cultivation, mainly of wheat, by some 7 million mu, while reducing the land reserved for cotton. Guangxi Region and Guangdong, Fujian, and Guizhou Provinces, which are not self-sufficient in grain, properly increased their grain area by more than 2 million mu in the course of autumn and winter sowing. In Jiangsu, Zhejiang, and Shanghai, where economic development is faster and transportation is more adequate than in other provinces, the area of autumn and winter grain continued to decrease, while the area of rape continued to increase.

In the course of making arrangements for autumn and winter sowing, the various localities generally signed contracts to have orders placed with the peasants ahead of time. Some provinces such as Shandong, Sichuan, and Zhejiang linked fertilizer and diesel oil supply with grain purchase to encourage peasants to grow more grain and deliver more grain to the state.

Some localities took other effective measures to help peasants in autumn and winter sowing, such as making cash deposits for orders, selling chemical fertilizer or seeds on credit, and reducing or remitting plowing, sowing, or moisture preservation fees. Therefore, a better foundation was laid for the 1985 autumn and winter sowing, with an ample supply of base manure and increased use of cake fertilizer and chemical fertilizer. In the cotton-producing region of Shandong, more than 60 percent of the winter wheat fields were fertilized with cake fertilizer, averaging more than 80 jin per mu, and the wheat was sown well. In Henan Province, where the wheat area is the largest in China, 85 percent of the wheat was sown in good time, more than 60 percent of the wheat was sown by using drug-treated seeds, and the area of crops of superior quality increased over previous years. In the eastern and southern parts of Gansu Province, where wheat tends to suffer seriously from rust disease, the area of rust-resistant varieties of winter wheat increased 77 percent in 1985 as compared with 1984, and accounted for 74 percent of the total winter wheat area. At present, many of the localities tend the crops by watering them and applying additional fertilizer to enable them to survive the winter.

BETTER SEED VARIETIES BOOST AGRICULTURAL OUTPUT

HK040906 Beijing CHINA DAILY in English 4 Jan 86 p 2

[Text] In an effort to reap agriculture's full potential, China is making efforts to introduce and popularize better seed strains during the Seventh Five-Year Plan (1986-1990).

The country plans to increase the national grain harvest by 16.5 million tons through the introduction of fine strains of seeds over the next five years, according to an article in the newspaper ECONOMIC INFORMATION.

To achieve this goal, the area devoted to better strains will grow to more than 26.6 million hectares.

The country also plans to increase the cotton crop by 250,000 ginned tons planting new and better strains over more than 2.6 million hectares and good quality seeds over more than 1.3 million hectares.

ECONOMIC INFORMATION said that the China National Seed Corporation would help to popularize better strains of edible oil, sugar and other cash crops.

In a bid to meet the demand for seeds in the country's vast countryside, seed producers expect to produce 15 million tons of seeds by 1990. To do so, that area for growing seeds will be doubled to more than 4.6 million hectares, accounting for 5 percent of the country's total arable land.

As state farms have the best facilities, they will be the biggest producers of high quality seeds. However, specialized households and small-scale farmers are also encouraged to produce seeds.

It will be unnecessary for farmers to build up their own seed stock by the turn of the century, as seed production distribution will be organized in a rational and planned way. By then, seed production will be specialized, seed processing mechanized, quality seed standardized and varieties regionalized.

The China National Seed Corporation also handles seeds for export. It has established trade relations with more than 100 firms in more than 30 countries.

The corporation mainly exports vegetable seeds and a small amount of grain and edible oil seeds to the United States, Japan and European countries. Seeds for export include Chinese cabbage, Beijing turnip, cucumber, kidney beans and garlic. Japn annually imports more than 100 tons of Chinese milk vetch seed from Henan Province.

The seed corporation has also signed exclusive contracts with some foreign firms to market Chinese seeds on the world market.

The corporation has been selling bybrid rice seed and growing techniques to the Occidental Petroleum Corporation of the United States for the last four years.

More than 2,000 seed companies have been set up in the last few years at provincial, prefecture, and county level employing more than 50,000 staff. In 1984, these companies marketed 1.25 million tons of rice, wheat, cotton, soybean and rape seed. They also helped distribute 2.25 million tons of better strains of seeds among village farmers.

OFFICIAL DISCUSSES ECONOMIC REFORM PRINCIPLES

HK070253 Beijing ZHONGGUO XINWEN SHE in Chinese 1219 GMT 3 Jan 86

[Report: "He Guanghui Speaks on Principles Governing China's Economic Reforms in 1986" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 3 Jan (ZHONGGUO XINWEN SHE) -- According to a report by HUASHENG BAO, He Guanghui, deputy director of the State Economic Structural Reform Commission, recently said at a meeting that China's reforms in 1986 will be brought into line with the principles for stabilizing the economy. He said that reform measures will be studied and will not be put into practice recklessly. In particular, the policy on prices will be set very carefully, and no major reform measures in this regard will be taken. Greater advances will be made in the aspect of invigorating large and medium-sized enterprises and developing horizontal economic ties.

Mr He Guanghui said: That reform measures in 1986 must be favorable to the stability of the economy. In order to ensure economic stability, some measures can be put into practice, but others have to be put aside. For example, measures that will cause social competition in the field of distribution should not be put into practice, and those that may throw the overall economic situation out of control should be handled very prudently. Reform measures that have been put into practice should be consolidated, perfected, and readjusted so as to rectify shortcomings and bring their advantages into better play. Cities that are carrying out pilot projects in economic reforms should continue their explorations and experiments. They should concentrate on studying prominent problems in economic life and collect accurate and detailed information to work out feasible solutions. Priority should be given to the development of markets for producer goods, to the establishment of a more reasonable distribution system inside enterprises, and overcoming unfair distribution in society.

On prices, Mr He said that as the most important thing in this regard is stability; there will be no dramatic reform measures in the coming year. Unreasonable price parities between products of different industries will be readjusted appropriately, but this also will be done very carefully.

DEFENSE INDUSTRY RESTRUCTURES PRODUCTION

OW070329 Beijing Domestic Service in Mandarin 1200 GMT 4 Jan 86

[Text] During the Sixth 5-Year Plan, China's science, technology, and industrial departments for national defense completed more than 490 major research projects and won more than 12,000 scientific and technological prizes of various kinds. During that same period, the total output value of military items and items for civilian consumption produced by these departments exceeded the planned targets by 34.4 percent. In this best period since the founding of the People's Republic, defense production tasks were fulfilled in the best possible manner and the highest number of research results were achieved.

During the Sixth 5-Year Plan, the National Defense Science, Technology, and Industry Commission organized the various defense departments and consumers to put in order and readjust weapons and equipment research and production plans that further raised the level of weapons research and production. Some of the items in the readjusted plan filled in gaps in China's weapons and equipment research and production. Particularly noteworthy were the major breakthroughs in strategic weapons and space technology. During the Sixth 5-Year Plan, China's research and production of weapons and equipment went through important changes from the imitating stage to self-reliance.

During the Sixth 5-Year Plan, China's science, technology, and industry system for national defense also succeeded in changing its former irrational structure of exclusively producing military items. At present, the military industrial departments have built more than 400 production lines producing more than 300 kinds of items for civilian consumption. In 1985, the output of items for civilian consumption produced by China's defense industry department quadrupled that of 1980.

WEAPONS FACTORIES TO PRODUCE MORE CIVILIAN GOODS

HK040856 Beijing CHINA DAILY in English 4 Jan 86 p 1

[By Zhu Ling]

[Text] The Ministry of Ordnance is ordering all its weapon factories to switch part of their manufacturing capacity to civilian production without any exceptions no matter how heavy the military commitments might be.

The order was issued by Minister of Ordnance Zou Jiahua as part of a continuing effort to adapt defence technology to domestic and international markets.

The order came simultaneously with the annoucement in Beijing that the Chinese military industries' first technology trade fair will be held in April in Shenzhen, Guangdong Province.

According to XINHUA, more than 1,000 items of technology turned out by the military industries for civilian use in recent years will be on display, including 130 which have won national awards for their high level of scientific advancement.

Foreign businesses will be invited to view the technologies and to bring along their own products to show to Chinese buyers. Last year, sales at two similar fairs held for Chinese enterprises brought in 700 million yuan.

Referring to the order for weapons factories to switch to civilian production, the minister said: "It is a long-term policy of strategic importance for us to carry out combined production of both military and civilian products."

Such a two-pronged approach is expected to be implemented in all weapon factories within five years, Zou, who took office last June, told CHINA DAILY in an interview yesterday.

The "walking-on-two-legs" policy will mean that all armament factories can survive and prosper even if their military orders drop, he said.

"The top priorities for our civilian production in 1986 are on transportation, energy, telecommunications and building materials, all key sectors of the nation's economic development," the 59-year-old minister said.

"Of course," he added, "our major task is to produce and supply advanced and high-quality weapons for military forces. But we are determined to stick to the long-term policy of a combined production laid out by our party Central Committee," he said.

The policy is now being more fully implemented at a time when China is girding for a rapid and full-fledged economic development during the Seventh Five-Year Plan period (1986-1990).

Last year, Zou said, the production value of the ministry's civilian sector reached 2 billion yuan, an increase of 51.5 percent over 1984. "Our target for this year is a further 50 percent increase," he said.

In 1985, the ministry's weapon factories turned out 500,000 motorcycles, two-thirds of the country's total. They produced 250,000 cameras, 100,000 refrigerators, 450,000 bicycles and 7,000 additional vehicles of various kinds.

Last year, the ministry's exports of civilian goods reached $6 million, an increase of 13 percent over 1984, Zou said. Its products were sold in 24 countries.

This year, Zou disclosed, the ministry's investment for civilian production would increase "by a big margin," and the money will be used mainly for the development of new models of vehicles, motorcycles and cameras as well as for the production of air-conditioners and packaging equipment.

KEY BUILDING-MATERIAL TARGETS FULFILLED

OW061316 Beijing Domestic Service in Mandarin 1200 GMT 31 Dec 85

[Text] China has fulfilled or overfulfilled the Sixth 5-Year Plan production targets for major products of its building material industry.

Among them, the projected output of cement is 550 million metric tons, representing an annual average increase of 11 percent; that of plate glass, more than 210 million standard cases, representing an annual average increase of 14 percent; and that of ceramic toilet fixtures, more than 29 million pieces, representing an annual average increase of 9 percent.

The output of cement is expected to surpass 140 million metric tons and that of plate glass will top 55 million standard cases for 1985.

CHEMICAL CORPORATION FOREIGN TRADE INCREASES

OW061040 Beijing XINHUA in English 1031 GMT 6 Jan 86

[Text] Beijing, January 6 (XINHUA) -- The foreign trade volume of China National Chemicals Import and Export Corporation last year reached 10.9 billion U.S. dollars, Zheng Dunxun, general manager of the corporation said here today.

Speaking at a national meeting, Zheng said that last year's export volume totalled 7.4 billion U.S. dollars and imports amounted to 3.5 billion U.S. dollars.

Set up in 1950, the corporation manages the import and export of crude oil, petroleum products, fertilizer, and natural rubber.

Over the last 35 years, it has become the largest company in terms of trade volume among all the Chinese foreign trade corporations, with more than 700 varieties of export products. It has built up an efficient system geared at providing good service to industries and end users and has developed trade relations with more than 130 countries and regions.

This year, Zheng said, the corporation will further improve its service and management and make full use of various connections to develop new trade relations with leading figures in world petroleum and chemical trade circles.

RECORD FOR ANNUAL CRUDE OIL PRODUCTION REPORTED

HK060857 Beijing ZHONGGUO XINWEN SHE in Chinese 1341 GMT 30 Dec 85

[Text] Beijing, 30 Dec (ZHONGGUO XINWEN SHE) -- According to what this reporter learned today from the Ministry of Petroleum Industry, by 29 December China had produced 124.06 million tons of crude oil this year, overfulfilling the annual plan by 60,000 tons 2 days in advance. This has broken the record for China's crude oil annual output.

Since 1978, China's annual output of crude oil has exceeded 100 million tons for 8 years in succession. The output this year is expected to show an increase of 10 million tons over 1984. Over the past 2 years, the oil fields at Daqing, Shengli, Liaohe, and Zhongyuan have all increased their output by more than 1 million tons of crude oil.

LI PENG INSPECTS NUCLEAR POWER PLANT SITE

OW052034 Beijing XINHUA Domestic Service in Chinese 1337 GMT 5 Jan 86

[By XINHUA reporter Wang Zugao]

[Text] Hangzhou, 5 Jan (XINHUA) -- Inspecting the construction site of the Zhejiang Qinshan Nuclear Power Plant today, Li Peng, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, pointed out: We should explore our own experiences while doing our work our way, but we must learn advanced foreign technology so that we can successfully build our country's first nuclear power plant.

The Qinshan Nuclear Power Plant, located by the Hangzhou Bay, was approved by the late Comrade Zhou Enlai. It is a major state project designed and built by our country. The construction has been progressing smoothly since it officially started in June 1983.

Presently more than 8 meters of the cylindrical concrete safety body of the main plant have been build, and the construction of the 1,800-meter embankment has been basically completed. Displaying the spirit of the foolish old man who removed the mountains, construction workers are working hard around the clock to build the plant.

This morning, Vice Premier Li Peng was briefed by Yu Hongfu and Ouyang Yu, director and chief engineer of the plant, and made detailed inquiries about the project's total inventment, the manufacturing of equipment, the cost of power generation, the training of workers, and the future of development. Commenting on the progress of the construction, he said that progress should never be achieved at the expense of quality and safety, which are all important. Should there be any contradiction between progress and quality, he added, quality should come first. Concerning the availability of the nuclear plant's equipment, Li Peng said: Quality must be emphasized in manufacturing equipment, and careful calculations and strict budgeting must be made in order to lower the cost. Upon being informed that the Zhejiang Qiantangjiang Engineering Bureau had saved 4 million yuan in undertaking the construction of the embankment, Li Peng said happily that Zhejiang and Hiayan County should be commended for their contributions to the nuclear plant. He urged all units concerned to exert joint efforts so that the nuclear power plant can be successfully constructed.

Jiang Zemin, mayor of Shanghai, and Xue Ju, governor of Zhejiang, who accompanied Vice Premier Li Peng on the inspection, both pledged allout support for the construction of the nuclear plant.

Vice Premier Li Peng had cordial conversations with workers when he revisited the worksite this afternoon.

PENG ZHEN MAKES INSPECTION TOUR OF HEBEI PROVINCE

SK010544 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 14 Dec 85

[Text] Peng Zhen, member of the Political Bureau of the CPC Central Committee and chairman of the NPC Standing Committee, inspected our province from 9 to 14 December.

He expressed his ardent wish that the cadres and people of Hebei Province carry forward the glorious revolutionary traditions of the old base, strengthen unity, serve the people wholeheartedly, and strive to better achieve the work of the province.

Despite his old age and the weary journey, on 10 December, he zestfully listened to the work reports delivered by responsibile comrades of the Fuping, Pingshan, Tangxian, Lingshou, Gaocheng, and Renqui County CPC Committees.

He said: Judging from these reports, the general principles and policies stipulated since the 3d Plenary Session of the 11th CPC Central Committee are completely correct and deeply enjoy the people's support. Thus, we have further strengthened our determination and confidence for implementing the party's line, principles, and policies.

Some people feel uneasy because they think that the party might change its principles and policies. We may say that the general principles and policies of the party will never be changed because they coincide with the people's wishes for promoting production development. Practices have proved that these principles and policies are completely correct. How can we change them? Specific principles and policies should be stipulated in accordance with different local conditions, occasions, and situations; that is, we should proceed from actual conditions to stipulate and perfect the specific principles and policies in a step-by-step manner.

On 11 December, Comrade Peng Zhen met with leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, and the provincial Discipline Inspection Commission, and held talks with some principal leading comrades. At the forum, he listened to the report on party building delivered by Xing Chongzhi, secretary of the provincial CPC Committee, and the report on economic work delivered by Zhang Shuguang, governor of the province.

Comrade Peng Zhen affirmed the achievements made by the provincial CPC Committee and government, and expressed satisfaction with Hebei's work and situation.

From his personal experiences, he relayed the party's history. In line with the party's historical experiences and lessons, he ardently set forth expectations on Hebei's cadres. First, cadres should persist in principles and strengthen unity, and be united on the basis of principles. Second, cadres should strengthen their study of Marxist theory. This was a new requirement set forth by Comrade Deng Xiaoping at the National Conference of Party Delegates. Third, cadres should strengthen the party building, correct party style, and handle affairs strictly in accordance with the party regulations and law.

Comrade Peng Zhen was much excited upon arriving at the Shijiazhuang vehicle plant on 12 December, where he had lived and worked. He talked intimately with old workers, model workers, advanced producers, scientific and technological personnel, and cadres. After reviewing the fighting history of the workers movement at that time, he encouraged them to distinguish the principal aspects from the secondary ones in judging the problems and the current situation. He said: We must not ask for perfection in everything. Persons, affairs, work, and the situation that are basically good are acceptable.

During his stay in Shijiazhuang, Comrade Peng Zhen also listened to the work report of the provincial People's Congress Standing Committee, and the report on oil field development delivered by the North China Petroleum Administrative Bureau.

ZHAO ZIYANG WISHES STUDENTS HAPPY NEW YEAR

OW011118 Beijing XINHUA Domestic Service in Chinese 0258 GMT 31 Dec 85

[Text] Beijing, 31 Dec (XINHUA) -- On the eve of the new year, the students of the 1984 class of the Department of Chemistry of the Beijing Normal University received a letter from Comrade Zhao Ziyang.

In this letter, written on 27 December, Comrade Zhao Ziyang warmly wished the future teachers a happy new year and earnestly urged that, after they have become people's teachers, they work hard to educate their students to become educated personnel with lofty ideals, socialist ethics, and a sense of discipline.

Today ZHONGGUO JIAOYU BAO [CHINESE EDUCATION JOURNAL] frontpaged the letter, which reads: "I wish you new progress in the new year. You are the people's teachers in the future. The revitalization of our country requires generations of educated builders with lofty ideals, socialist ethics, and a sense of discipline. In order for you to educate your students according to these requirements in the future, you should educate yourselves according to these requirements now. These are just common words. But just because they are common, I am convinced that you can do it if you try hard."

LI XIANNIAN SENDS NEW YEAR GREETING TO CHILDREN

OW062339 Beijing Domestic Service in Mandarin 2230 GMT 5 Jan 86

[Text] XIN SHAONIAN BAO [NEW JUVENILE NEWS] on 6 January publishes on its front page President Li Xiannian's new year's message to youngsters across the country.

The message says: You are the future masters of the country, and we have placed hopes in you. You must study hard, build up physical strength, strive for progress, and aspire to become new communist persons imbued with ideals, morals, general knowledge, and discipline.

BEIJING RADIO MESSAGE NOTES TASKS FOR NEW YEAR

OW021129 Beijing Domestic Service in Mandarin 2230 GMT 31 Dec 85

[Station new year's message: "Struggle in Unity To Greet the First Year of the Seventh 5-Year Plan"]

[Text] The year 1985 has trimphantly departed, while 1986 has been ushered in amid rosy dawn. On this morning of New Year's Day, we wish to extend our festive greetings and regards to all the workers, peasants, intellectuals, and PLA commanders and fighters across the nation, as well as to the compatriots in Taiwan, Hong Kong, and Macao and overseas Chinese who are residing abroad. We congratulate them on their successes scored over the past year and wish them even greater achievements in the coming new year.

Recalling the past year, the great motherland has achieved success in every field of endeavor and the political and economic situation is excellent. Economically, the targets for 1985 have been fulfilled ahead of schedule, thereby accomplishing the Sixth 5-Year Plan in an all-round way. The task set forth at the 12th CPC National Congress on striving for a fundamental turn for the better in revenue has basically been realized. The reform of the economic structure focusing on the cities has also made steady progress. Politically, the entire nation is stable and united, the people are high-spirited and vigorous, the succession of new cadres to the old and cooperation between the two have been further promoted, socialist democracy has been gradually perfected, and the socialist legal system has been constantly strengthened, thereby ushering in a lively political situation.

Today is the first day of 1986. Beginning today, China enters its Seventh 5-Year Plan period for national economic and social development. The Seventh 5-Year Plan period is an important period for connecting the preceding and succeeding periods. It is of very important significance to work well in the next 5 years for further consolidating and developing the excellent situation since the 3d Plenary Session of the 11th CPC Central Committee, for better ensuring economic rejuvenation and prosperity in the nineties, and for smoothly realizing the grand objectives by the turn of the century. The 7 years since the 3d Plenary Session of the 11th CPC Central Committee have been one of the best periods since the founding of the People's Republic in political and economic development. The Seventh 5-Year Plan period has been provided with comparatively better conditions for working for an even more splendid future. The various principles and policies of the CPC Central Committee have been translated into actions by hundreds of millions of people and are producing a tremendous force. The people of various nationalities in China must further unite in the new year and work hard in a down-to-earth manner in light of the demands by the party Central Committee. They must carry forward the spirit of the foolish old man who removed the mountains, blaze a new trail, and strive to advance the cause of socialist modernization.

XI ZHONGXUN, TIAN JIYUN ATTEND MEETING ON RELIGION

OW062216 Beijing XINHUA Domestic Service in Chinese 1235 GMT 6 Jan 86

[By reporter Zhou Lixian]

[Text] Beijing, 6 Jan (XINHUA) -- Receiving the representatives attending the national convention of directors of religious affairs bureaus and departments today, Xi Zhongxun, member of the Political Bureau of the CPC Central Committee, pointed out: We adhere to the party's policy of freedom of religious beliefs. Our fundamental starting point and objective of handling all relgious issues is to unite all religious believers and nonbelievers so that they will concentrate their will and strength on attaining the common goal, namely building the nation into a modern socialist power.

Xi Zhongxun fully endorsed the work accomplished by various departments concerned in handling religious affairs over the past several years, saying that their achievements can be primarily generalized as follows: First, they have adhered to the correct guidance for work, thus bringing the party's operation in handling religious affairs back on the right track; second, they have accomplished a great deal in implementing policies toward religious work, and reopened the sites for religious activities, thus normalizing religious activities; and third, regarding serving the four modernizations and achieving self-sufficiency, religious groups, temples, and churches have achieved a good head start in developing production and sponsoring public services. Because of these achievements, we have been able to unite the religious circles and religious believers on a broader basis, further expand the patriotic united front, and arouse their enthusiasm to serve the four modernizations. In doing this, we have promoted friendly contacts with religious organizations and personages of foreign countries, thus expanding our country's political influence.

Concerning the tasks of future religious operation, Xi Zhongxun said: The main tasks of future religious operation will be: Stepping up implementation of the policies toward religious affairs; intensifying the administrative leadership over the sites of religious activities; promoting unity with professional religious personnel, educating them and training more of them; actively guiding and encouraging religious people and believers to take part in socialist modernization; and making religious work serve the party's general task and general goal in an even better way.

Tian Jiyun, member of the Political Bureau of the CPC Central Committee and vice premier, also addressed the convention. Yang Jingren, vice chairman of the CPPCC National Committee; and Yan Mingfu, head of the Propaganda Department of the CPC Central Committee, were present at the meeting.

SHANGHAI'S RUI XINGWEN AT EDUCATION MEETING

OW022310 Shanghai City Service in Mandarin 2300 GMT 30 Dec 85

[Text] The meeting on educational work in Shanghai Municipality concluded triumphantly yesterday. During the meeting, representatives of teachers and leading comrades of various relevant departments on the educational front in the municipality discussed some of the documents on the reform of the educational system and the plan on educational work in Shanghai submitted to the meeting for deliberation. They also offered good suggestions for the revision of the plan.

On the morning of 30 December, Rui Xingwen, secretary of the Shanghai Municipal CPC Committee, heard a report on the meeting and delivered a speech. Huang Ju, deputy secretary of the municipal CPC Committee, presided over the meeting yesterday. On behalf of the municipal CPC Committee and the municipal government, Jiang Zemin, deputy secretary of the municipal CPC Committee and mayor of Shanghai, delivered a speech. He said: An important theme at the current meeting on educational work is to strengthen and improve ideological and political work in schools. Emphasis must be placed on promoting socialist spiritual civilization. In face of the actual conditions in various schools, we must unify the ideas of all students and teachers, on the basis of the guidelines laid down by the National CPC Congress, the speeches delivered by the central leading comrades, and the guiding principle set by the party Central Committee on strengthening ideological and political work.

In his speech, Jiang Zemin pointed out: The most important task in education is to cultivate students so that they become people with lofty ideals, moral integrity, education, and a sense of discipline. It is of paramount importance to train young people to have these qualities. It is a key issue of decisive significance in educating young people. We must make strenuous efforts in all fields and coordinate in educating the young.

Jiang Zemin said: In carrying out educational reform from now on, we must pay full attention to arousing the fighting will of the nation, training more qualified people, and cultivating good, competent personnel. Otherwise, we will deviate from our correct path and take a roundabout route.

Today's JIEFANG RIBAO carried a commentator's article on its front page, entitled: "Persistently Carry Out Educational Reform, Train More People With Lofty Ideas, Moral Integrity, Education and a Sense of Discipline."

RUI XINGWEN ON DATE FOR SHANGHAI CPC CONGRESS

OW050034 Shanghai City Service in Mandarin 2300 GMT 31 Dec 85

[Text] Nearly 50 model workers and advanced personages from various fronts happily attended a meeting sponsored by the Shanghai Trade Union Council yesterday morning to usher in the new year.

Rui Xingwen, secretary of the Shanghai Municipal CPC committee; Jiang Zemin, mayor of Shanghai; Yang Di and Wu Bangguo, deputy secretaries of the municipal party committee, and other leading comrades were present.

The leading comrades extended their festive greetings to Shanghai's 12 million people, wishing them success in contributing to the implementation of the strategy for Shanghai's economic development during the new year.

Speaking at the meeting, Rui Xingwen recalled the economic accomplishments of the nation and Shanghai in 1985, and commented on the prospects for Shanghai's Seventh 5-Year Plan. He pointed out that during the Seventh 5-Year Plan plan period Shanghai must make an effort to strengthen its urban infrastructure, expand its exports in order to earn more foreign exchange, and explore new ways of utilizing foreign capital and technology. He added that the fifth Shanghai municipal party congress will be held around the Spring Festival in 1986.

Jiang Zemin, Yang Di, and Wu Bangguo also addressed the meeting. They said: Shanghai should be able to advance in five areas during the next 5 years. Not only should we become a model in building a material civilization, but also in building a spiritual civilization as well.

SHANGHAI MAYOR URGES PROGRESS IN NEW YEAR

OW030836 Shanghai City Service in Mandarin 2300 GMT 31 Dec 85

[New Year's Day greetings from Mayor Jiang Zemin to Shanghai people; date and place not given -- recorded]

[Excerpts] Dear residents, how are you? At this joyful moment when we are bidding farewell to the old year and ushering in the new, on behalf of the Shanghai Municipal People's Government, I wish you a happy new year.

With the kind attention of the party Central Committee and the State Council and under their leadership, the more than 10 million people in Shanghai have worked hard and accomplished the tasks of the Sixth 5-Year Plan ahead of schedule. They made heartening achievements in the past year.

However, we still have a long way to go in our work in order to meet the demands set by the party Central Committee and the State Council and to live up to the expectations of the Shanghai people. Shanghai is still quite backward in urban construction and management because of insufficient basic facilities and limited financial and material resources. Shanghai's public transportation is still very crowded. There is still a shortage of housing for urban residents. Shanghai's tertiary industry is still far from meeting the needs of the people's livelihood. In order to overcome these problems, we must continue to work hard as one and implement our great plans in the new year.

We should make new achievements in the new year and make a good start in the implementation of the Seventh 5-Year Plan. In the new year, we should work in accordance with the guidelines of the National Conference of Party Delegates and under the leadership of the municipal party committee, further implement the policy of reform and opening to the outside world, make great efforts to improve economic efficiency, increase exports to earn more foreign exchange, actively harmonize economic relations, firmly readjust the setup of production, develop the tertiary industry, step up the construction of basic urban facilities, rationalize urban layout, continue a steady and coordinated economic development, and conscientiously perform some actual deeds for the people. In order to meet the needs of new tasks in the new year, our cadres at all levels must firmly improve the work style, further foster the notion of serving the people, unite all Shanghai people to work hard with one heart and one mind, pool their wisdom and forge ahead, and make our fond wish come true.

In conclusion, I wish you and your families a happy new year.

GUANGDONG HOLDS CONFERENCE ON PUBLISHING WORK

HK031024 Guangzhou NANFANG RIBAO in Chinese 27 Dec 85 pp 1, 2

[Speech delivered by Xie Fei at the provincial conference on publishing work on 16 November 1985: "It Is Necessary To Attach Primary Importance to the Social Benefits of Publishing Work"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, the publishing undertakings of our province have developed rapidly and achieved gratifying success. Thanks to the hard work and efforts of workers in publishing circles, the variety of publications in our province increased at an average annual rate of 10 percent during the Sixth 5-Year Plan period. There was also an improvement in quality. Dozens of publications won national prizes after public appraisal. In reforming the operations and management of publishing work, we have gained some experience. However, there are still problems that remain unsettled. The major ones are that some publications have bad quality and some are not in good taste. There is not much variety but a large circulation for these publications, thus bringing about bad social benefits. The appearance of these problems has resulted from the idea of "putting money above all else," which prevails among some of our comrades working in publishing circles. In publishing work, some comrades are still unable to handle correctly the relationship between social benefits and economic returns.

It is necessary for us to attach primary importance to social benefits in publishing work and to take them as the only criterion in judging the quality of our publications. As factories produce material products, publishing houses produce intellectual products. Therefore, they should uphold the principle of attaching primary importance to the quality of their products. What then is the yardstick to evaluate the quality of intellectual products? The only yardstick is to see whether they are helpful or harmful to the building of a socialist civilization which is advanced culturally and ideologically and to see whether they make a good or bad impact on society.

We must realize that both material and intellectual products are important products of social production which meet different aspects of the needs of the people. Good intellectual products are not only a source of knowledge as well as an artistic treat for people, but are also a force which encourages them to make progress. Marxism believes that once the progressive force for the mind is grasped by the masses, it turns into a material force which changes society and transforms nature. On the other hand, bad intellectual products hinder people from fostering a correct outlook on life and becoming mature in a healthy way. If these intellectual products are "opium for the mind," they poison the hearts of people, wreck social stability, and stunt the development of the socialist cause. The influences of bad intellectual products are much greater and deeper than that of bad material products. Of course, bad material products are also harmful to society and the people. We should not neglect their harmfulness. However, people realize the impact of intellectual products on society less than that of material products. The quality of intellectual products has a bearing on the growth of a generation of people. Such effects cannot be calculated by money. For this reason, the whole society should take great interest in this problem. Comrades working at publishing houses, which produce intellectual products, as well as at other relevant departments should always bear in mind the quality of their products. They must consciously make greater efforts to provide people with large amounts of nourishment for the mind so as to increase their ability to resist the corrosion of decayed capitalist and feudal ideas and to cultivate a new generation of educated people with lofty ideals, moral integrity, and a strong sense of discipline. Workers in publishing circles should have a strong sense of responsibility and always bear in mind the nature and significance of their work for the people and society. Their work is in fact work of helping people reach higher levels and promoting the building of "two civilizations." Therefore, the tasks of workers in publishing circles are both glorious and important.

Of course, the quality of intellectual products is not completely decided by publishing houses. Authors and writers should first and foremost make an effort to improve the quality of their works. However, publishing houses decide whether a work or a publication can be published or distributed in society. In this sense, publishing houses play a decisive role in the quality of publications.

Comrades working in publishing circles should work conscientiously to guarantee the quality of works. They should "give the green light" to good works, help to refine and process average works, and close the gates on bad works. Efforts should be made to improve quality. They should not be satisfied with themselves to work as "quality checkers" and sit and wait for "delivery of goods to their doorsteps." What is more important is that they should draw up plans and go out to visit writers and ask them to prepare publishable manuscripts. In this aspect of work, they should fully develop their ability, enthusiasm, and creativeness. Only by so doing will they be able to gain the initiative in improving the quality of publications, not just "cooking for immediate consumption" and not putting themselves in a passive position. Major progress has been achieved in publishing work in our province. Not only is it necessary for us to sum up the work, but we should make sure that we do not overemphasize quantity nor lower quality for money. We must concentrate our efforts on improving quality.

With regard to the production of intellectual products, we are required to attach primary importance to quality and social benefits. Does this mean that we should pay no attention to economic returns? Of course not. The point is how to better integrate social benefits with economic returns. Generally speaking, there is unity between the two. If a book is good for society, it certainly will have good sales and yield better economic results. There have been many such cases. However, unity between social benefits and economic returns is determined by many factors. Sometimes the two may contradict each other. For example, some books with poor taste or some novels depicting the so-called "strange cases" in a rough and slipshod way may attract the curiosity of some people and make profits from good sales, but they are not good for society. Meanwhile, publishing houses may suffer losses by publishing some books of academic and professional knowledge because there are fewer readers, but they have to publish these books with a view to stimulating cultural development. A publishing house makes profits when it publishes some books which can yield good social and economic results as well. It suffers losses when it publishes some books which meet the needs of society for cultural development but which attract few readers. Suffering losses and making profits are a common phenomenon in publishing work. With regard to social benefits and economic results, we must take them into consideration in an all-round way. In my opinion, to handle correctly the relationship between social benefits and economic returns, we must work hard with great efforts in the following aspects:

First, attention must be paid to training talented people and improving the quality of personnel in publishing circles. To ensure the quality of intellectual products and to maintain the development of publishing work, the key lies in training qualified personnel and enhancing their ideological and cultural quality. Only by so doing will we be able to correctly implement the party's publishing policy and will we enable publishing work to better serve the building of the "two civilizations."

Second, attention must be paid to social survey in order to find out what the urgent needs of readers are. With the implementation of our policy of opening up to the world and the restructuring of the national economy, the rise in the people's living standards has proposed a new and urgent requirement for intellectual products. With the carrying out of education in ideals and discipline, there will be an ever increasing need for good intellectual products. We must not lose sight of such requirements for different kinds of publications in society or of general trends. Only by doing this will we be able to "cope with things in good time."

Third, it is necessary to intensify the work of publicizing and distributing good books. Xinhua Bookstore, as a major channel for the distribution of books and magazines, should give full play to its role. All bookstores should make efforts to publicize and recommend new and good books. At present, the circulation of publications is based on orders placed by bookstores. We must stop doing this blindly, because those who place orders for bookstores may not know exact consumer demands. How to make good books attract more readers and increase their subscriptions and circulation is an important problem calling for careful solution. Guangdong Province has a population of 60 million and a heavy demand for publications. Therefore, we must increase the circulation of good books. Meanwhile, we must make efforts to explore more channels and expand networks for the distribution of publications; in particular, we must open up intensive markets in the rural areas.

Fourth, attention must be paid to doing a good job of business accounting and improving operations and management. We should have both long-term plans and make short-term arrangements. We should produce both good quality "key" products and those needed most by readers. Meanwhile, we should strive to produce more products which yield good social and economic results and should also produce some products which may suffer losses but are needed by the people. On the premise of guaranteeing social benefits, we get more done with less money by careful calculations and strict budgeting in publishing work. Furthermore, when studying and formulating policies, we should also consider how to encourage the publication of more books which are good for society.

It is our belief that the building of our socialist civilization which is advanced culturally and ideologically will inevitably promote a faster development of our publishing undertakings. In the course of advance, there will certainly be difficulties, but we should approach problems from the essential aspects with a view toward development. Through our hard work, a new situation will surely emerge in our publishing work and the situation will get better and better.

GUANGZHOU COMMISSAR INSPECTS HAINAN DIVISION

HK070300 Haikou Hainan Island Service in Mandarin 0400 GMT 5 Jan 86

[Text] Guangzhou Military Region Political Commissar Zhang Zhongxian recently inspected a certain division stationed on Hainan Island, accompanied by Hainan Military District Commander Pang Weiqiang. They held cordial talks with party and government leaders of Hainan Li-Miao Autonomous Prefecture.

Earlier, Political Commissar Zhang Zhongxian accompanied General Secretary Hu Yaobang on a visit to Xishaqundao shortly before New Year's Day to celebrate the arrival of 1986 with the officers and men stationed on the island. On his way back from Xishaqundao, Zhang went to Wuzhi Shan, to call on the officers and men stationed there, extending his new year greetings.

During his inspection, Political Commissar Zhang Zhongxian fully affirmed their accomplishments made in the reform of military training of qualified people for both military and civilian purposes, and in cultural work, afforestation, public health, and maintenance of arms. He called on the comrades to bring forward the style of arduous struggle and to do a good job in building the army itself and to make contributions to the take-off of the treasure island.

GUIZHOU MEETING DISCUSSES DISASTER RELIEF

HK040329 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 3 Jan 86

[Excerpts] The provincial government held a telephone conference on 3 January to make further arrangements for the livelihood of the rural masses. This work should be grasped as a major affair and thoroughly firmed up. It is necessary to promote self-salvation through production in disaster areas, so as to stimulate the entire provincial economy and fight a successful first battle in the Seventh 5-Year Plan.

Governor Wang Chaowen presided and spoke. Vice Governors Liu Yulin and Luo Shangcai also spoke.

The meeting pointed out that the province suffered severe natural disasters last year which could hardly be resisted, and production and life in the rural areas have encountered great difficulties. Although arrangements have been made for relief work, production and daily life measures have not been sufficiently firmed up. We must spend a concentrated period of time before the Spring Festival in making really sound arrangements for the livelihood of the masses in the disaster areas.

We must grasp the focal points in this work and oppose bureaucratism and egalitarianism. Relief funds must first be used to meet the needs of severely stricken areas, places that suffer disaster and need relief every year, and poor and remote minority-nationality areas, to enable these areas to get through a year of calamity, with state help.

The meeting stressed that the key to doing a good job in arranging the masses' livelihood lies in strengthened leadership by the government at all levels. The government must put the work of relief through production in an important place on its agenda, and the leaders at all levels must personally grasp the work.

GUIZHOU LEADERS VISIT PRODUCTION UNITS

HK031510 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 1 Jan 86

[Excerpts] While happily spending the joyous New Year's Day 1986, leading comrades of the provincial party and government, including Hu Jintao, Wang Chaowen, Ding Tingmo, Zhang Shukui, and (Liu Yuling), went to the production forefront to call on workers and to extend new year greetings to them.

On the afternoon of 31 December, Hu Jintao, secretary of the provincial CPC Committee, went to the machinery repair and assembly factory of (Liujie) Mining Bureau to visit the workers at the production forefront and to extend seasonal greetings and cordial regards to them. In the evening, Comrade Hu Jintao attended the soiree to ring in the new year. He happily spent the joyous New Year's Day with the workers.

On 1 January, Wang Chaowen, deputy secretary of the provincial CPC Committee and governor, and Vice Governor (Liu Yuling) went to Guiyang Steel Plant to extend seasonal greetings to the workers, engineers, technicians, and cadres who were persisting in fighting hard at the production forefront. They encouraged all workers in the whole plant to unite, work hard, carry out the great plan together, and strive to fight the first battle of the Seventh 5-Year Plan well.

On 1 January, Ding Tingmo, deputy secretary of the provincial CPC Committee, and Zhang Shukui, a member of the provincial CPC Committee Standing Committee and vice governor, went to the Guizhou Emery Wheel Plant No 7, the Guizhou organic chemical works, and (Hongfeng) [words indistinct] factory to pay a comfort visit to the workers who were persisting in carrying out production during the holiday. They extended seasonal greetings to the workers.

SICHUAN CONTROLS EXCESSIVE GROWTH OF FUNDS

HK031312 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 31 Dec 85

[Text] According to the provincial Statistics Bureau, the excessive growth of consumption funds in the province 1 year ago has been put under good control over the past few months. The growth rates of expenditure on several major items have dropped sharply compared with 1984.

1. In 1985, the increase rate of wage expenditure was 39.6 percent in the first quarter, 27.9 percent in the second quarter, 24.2 percent in the third quarter, and 23.2 percent in October.

2. In 1985, the increase rate of management fee expenditure of administrative organs, enterprises, and institutions in the province was 93.8 percent in the first quarter, and then dropped quarter by quarter to 5.9 percent in October.

3. The increase rate of the purchase amount of consumer goods by social groups was 43.3 percent in the first quarter, and then dropped quarter by quarter in 1985.

The control of consumption funds has paved the way for a large increase in the state's financial income. A new situation of coordinated and normal economic development has appeared in the province.

SICHUAN RADIO URGES CORRECTING UNHEALTHY TRENDS

HK050311 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 4 Jan 86

[Station commentary: "We Must Boldly Tackle Tough Problems When Investigating and Dealing With Unhealthy Trends and Violations of Law and Discipline"]

[Excerpts] To accomplish a fundamental turn for the better in party style and social mood is a major task assigned to the whole party by the 12th party congress.

At present there are three main methods being used in investigating and dealing with unhealthy trends and violations of law and discipline. The first is that used by Dukou City CPC Committee, which insists on governing the party strictly, is bold in tackling tough problems, and resolutely persists to the end in investigating and punishing unhealthy trends and violations of law and discipline. Such a method stimulates a turn for the better in the atmosphere and ensures the smooth progress of economic structural reform.

The second method is that used by certain comrades, including some engaged in leadership work, who become very indignant on hearing of unhealthy trends but fail to seriously investigate and deal with them. This attitude of empty statement of views is itself an unhealthy trend of bureaucratism and failure to take responsibility. It must be resolutely corrected.

The third method is that used by certain cadres who pose as bystanders, blame everyone and everything but themselves, and are hypercritical of anyone who takes action, while failing to take any practical action themselves. This behavior is extremely wrong and is incompatible with a party member, especially a party-member cadre.

XIZANG LEADER ON LIVING CONDITIONS FOR CADRES, WORKERS

HK040215 Lhasa Xizang Regional Service in Mandarin 1130 GMT 3 Jan 86

[Excerpts] Regional CPC Committee Secretary Wu Jinghua went to Naidong County on 24 December to investigate and study.

He spoke on making proper arrangements for the daily life of cadres, staff, and workers and doing a good job in producing and supplying vegetables, milk, and so on.

He said: The organ cadres in Xizang have to grow their own vegetables, mainly because the market supplies are insufficient. The outskirts of urban areas must take advantage of their strong point in vegetable cultivation and promote social services, so that the cadres can be at ease. If plenty of vegetables are produced and the supply problem is solved, the organs and factories can gradually cease growing their own vegetables, and the cadres can concentrate efforts on their work and the workers on their labor. The number of organ personnel can be considerably reduced. The vegetable-growing peasants can increase their income.

Wu Jinghua also said: Xizang is one of the country's five great pastoral areas. It is a joke that milk supplies cannot meet demand. We must transfer some cattle-raising experts to make a success of running milch cow farms, and ensure that the cadres, staff, and workers, especially those who are ill, the children, and certain aged and infirm comrades, can drink fresh milk every day to increase their nourishment. Only if they are in good health can they do better in pursuing the people's good.

LHASA CIVIL AFFAIRS DEPARTMENT TO ELIMINATE LEFTISM

HK040217 Lhasa Xizang Regional Service in Mandarin 1130 GMT 3 Jan 86

[Excerpts] The Lhasa City Civil Affairs Bureau has seriously implemented the spirit of the enlarged meeting of the regional CPC Committee Standing Committee. On New Year's Eve, it took serious stock of leftist things in the civil affairs departments and resolved to eliminate leftist influence. The following are the main expressions of leftism in these departments:

1. Ideologically, lacking sufficient understanding of the long-term nature of religion, and even restricting religion as a kind of spiritual pollution.

2. Lacking sufficient understanding of nationality and united front work and paying insufficient attention to it; also, providing insufficient support and help for this work in some aspects.

3. Paying insufficient attention to the use of Tibetan language: simply advocating that Tibetan and Han cadres learn Tibetan language without providing sufficient support and help for this effort.

4. Failing to realize that changing place names is an aspect of eliminating vestiges of leftism. As a result former names have not been completely restored in some places.

Phenomena of egalitarianism exist in the distribution of relief funds for the poor.

The comrades are resolved to completely eliminate leftist thinking and do a thoroughly good job in civil affairs work in the future.

BEIJING PUBLIC UTILITIES BUREAU DIRECTOR DISMISSED

SK060603 Beijing BEIJING RIBAO in Chinese 15 Dec 85 p 1

[Excerpts] On 13 December the municipal People's Congress held its 25th Standing Committee meeting to make a decision on dismissing Ma Xueliang from the post of director of the municipal Public Utilities Bureau.

In a report submitted to this meeting, Mayor Chen Xitong pointed out: The municipal government plans to dismiss Ma Xueliang, director of the municipal Public Utilities Bureau, who caused serious consequences by neglecting his duty and accepting bribes, and suggests that judicial organs determine his criminal liability according to law. According to Article 28 of the "PRC Organizational Law of Local People's Congresses and People's Governments at Various Levels," the request for dismissing Ma Xueliang from the post of director of the Public Utilities Bureau was submitted to the meeting for approval.

Vice Mayor Zhang Baifa gave an explanation regarding the problems of Ma Xueliang at the meeting. Through discussions the meeting agreed with the report by Mayor Chen Xitong, and decided to dismiss Ma Xueliang from the post of director of the municipal Public Utilities Bureau. Ma Xueliang will be investigated and handled by judicial organs.

The meeting was presided over by Ma Yaoji, vice chairman of the municipal People's Congress Standing Committee. Attending were other vice chairmen -- Pan Yan, Hou Jingru, Pu Jiexiu, Chen Mingshao, Zhang Dazhong, Xing Jun, and Xia Qinlin. Attending as observers were Vice Mayor Zhang Baifa, the acting president of the municipal Higher People's Court, the acting chief procurator of the municipal People's Procuratorate, and responsible comrades of various district and county People's Congress standing committees.

BEIJING MEETING DISCUSSES UNHEALTHY TRENDS IN TRADE

SK060631 Beijing BEIJING RIBAO in Chinese 14 Dec 85 p 1

[Excerpts] On the afternoon of 13 December at a meeting to exchange experiences in correcting the unhealthy trends of various trades sponsored by the party rectification guidance group of the municipal CPC Committee, Jin Jian, deputy secretary of the municipal CPC Committee, called for great efforts to correct the unhealthy trends of various trades committed by making use of their own specific advantages.

The CPC Committee of the municipal machinery and construction company and the financial and trade department of Changping County introduced their experiences in conscientiously correcting the unhealthy trends of various trades.

Gu Jiangsheng, leader, and Cheng Zhiping, deputy leader of the north China inspection group of the Party Rectification Guidance Commission of the CPC Central Committee, attended the meeting.

Comrade Jin Jian spoke. He pointed out: At present one of the major reasons why the masses are not satisfied with the results of party rectification is that various trades and professions, in particular those with direct bearings on the vital interest of the masses, have failed to overcome their unhealthy trends successfully. The existence of the unhealthy trends committed by various trades by making use of their work advantages is mainly because our leading cadres did not conscientiously attend to this work, and because some of these comrades themselves possess unhealthy ideas.

Leading comrades at various levels should clearly understand the serious danger of the unhealthy trends of various trades, formulate feasible measures, and achieve actual results in correcting the problems about which the masses have many complaints as they did in correcting the unhealthy trends of the construction industry.

He pointed out: In improving party style, an important aspect is to step up the investigation and handling of major and appalling cases. We should regard the cases of dereliction of duty, such as abusing power for selfish interests, and bureaucratism, and the cases of violating laws and discipline committed by leading organs and leading cadres as the key, investigate and handle them sternly, and never be softhearted toward them or tolerate them. We should have the courage to break the protection film, destroy the network of personal relations, and resist the trend of interceding for others. We should not only investigate and punish those who commit the cases but also pursue the criminal liabilities of the leaders who shield and connive with each other and bend the law for the benefit of their relatives or friends.

He urged party and government leading organs and leading cadres at all levels throughout the municipality to resolutely correct unhealthy trends in line with the CPC Central Committee's circular on several serious problems in current work styles of organs so that leading organs at various levels will truly become models and examples in improving party style and social conduct.

NEI MONGGOL INCREASES COAL PRODUCTION

SK040946 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 3 Jan 86

[Text] During the implementation period of the Sixth 5-Year Plan, our region has steadily developed its coal production. As of now, the region has invested almost 2 billion yuan in capital construction for coal production, accounting for 99 percent of the orginal plan. The region has shown an increase of 8.58 million tons of raw coal in its production capability, a yearly average increase of 7.6 percent. Of its coal mines, collieries whose products are covered by the state unified plan have shown a yearly average increase of 8 million tons of coal and of 8.5 percent. The total coal output in 1985 reached 29.53 million tons, an 1.34-time increase over the 1980 raw coal output figure.

The (Hulinhe) and (Yilihe) open-cut collieries that were newly built and put into production have shown an annual production capability of 4 million tons. The annual production capability of the 14 advanced coal pits, including the No 1 pit at (Baolexile) in Hulun Buir League, and the (Kangbao) coal pit in Baotou City, has reached more than 3.4 million tons. These new collieries and pits have laid a foundation for achieving sustained development in coal production throughout the region.

NI ZHIFU OPENS TIANJIN QING DYNASTY STREET

OW020645 Beijing XINHUA Domestic Service in Chinese 1410 GMT 1 Jan 86

[By Reporter Zhu Yuquan]

[Excerpt] Tianjin, 1 Jan (XINHUA) -- An ancient cultural street, consisting of more than 80 shops in the architectural style of the Qing Dynasty, was completed in Tianjin. It was opened to the public, along with nearly 100 stores on the street, on 1 January.

Ni Zhifu, member of the Political Bureau of the CPC Central Committee and secretary of the Tianjin Municipal CPC Committee, cut the ribbon at the ceremony marking completion of the street.

HEILONGJIANG CPC SECRETARY ON GRAIN, HOG PURCHASING

SK050748 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 4 Jan 86

[Excerpts] In a speech given to reporters on the new situation that has emerged in the course of purchasing grain and hogs in the rural areas, Sun Weiben, secretary of the provincial CPC Committee, said: Rural cadres should manage things according to the party policies and should use policies to boost the patriotic zeal and the production enthusiasm of the masses. The way of doing things in an oversimplified and crude manner should be resolutely stopped. Sun Weiben talked about this problem in line with the situations reflected in 23 letters from the masses. These letters came from Zhaodong, Keshan, Zhaozhou, Qingan, Zhaoyuan, Suihua, Hailun, Lindian, Yilan, Gaoqing, Bayan, and Acheng Counties.

Sun Weiben said: Rural cadres should manage things in line with policies. All stipulated policies must be strictly implemented and must not be changed at will. Otherwise, we will break faith with the people. Policies must not be replaced by sentiments. In grain and hog purchases and sales, we should act according to contracts and maintain the sanctity of the contracts. If we do not have contracts, we should carry out meticulous ideological and political work and let the masses sell their surplus grain to the state on a voluntary basis. We should not practice coercion and commandism or rigidly impose additional fees or fines on the people. We may change contracts with the consent of the masses, but the change must be acceptable to them. The way of doing things in an oversimplified and crude manner should be strictly forbidden.

Sun Weiben also touched on the problems concerning some localities where the people have suggested efforts be made to restore the old practice of unified and assigned purchases of grain and hogs because some problems emerged in the course of grain and hog purchasing. He said: The reasons for the problems should be specifically analyzed in a fact-seeking way. We should bring a matter to a successful conclusion through our work and the implementation of policies. Changing unified and assigned purchases into contract purchases is necessary for developing commodity production in the rural areas and it manifests the unceasing development of reform. One of the important tasks of the rural cadres is to sum up experiences in their work and to continuously consolidate and develop the achievements in reform. By no means should they adhere to the old ways or turn the clock back when they come across problems.

Sun Weiben said: When selecting rural cadres, we should mainly see whether they can cope with the two changes in the rural areas on the premise of revolutionization. To judge whether they are revolutionary or not we must see whether they had problems during the Great Cultural Revolution, whether their ideological lines are correct, and whether their way of thinking and work style are good. As long as we do a good job in solving these problems, we can correctly implement the various party policies.

HARBIN PROCURATORATE CRACKS CORRUPTION CASE

OW041701 Beijing XINHUA in English 1653 GMT 4 Jan 86

[Text] Harbin, January 4 (XINHUA) -- The Harbin Municipal Procuratorate has cracked a corruption case involving 500,000 yuan.

Fifteen criminal suspects including the ringleader, Guo Guangsen, and 20 local officials, have been arrested. Guo was a driver before he was sentenced to prison in 1969 for theft, speculation and profiteering. After being released in 1982, he became manager of a building materials shop run by a neighborhood committee. Later, Guo and a local official made a false report that the shop had a deficit of 160,000 huan, and Guo took over the shop, which actually had capital amounting to 210,000 yuan.

From August 1984 to May last year, Guo purchased and resold at high rates of profit 1,800 tons of rolled steel, earning 380,000 yuan. He bribed Yi Jingshan, party secretary of the Harbin Real Estate Administration, with 20,000 yuan, and Yang Cheng, director of the Municipal Industrial and Commercial Administration, with 10,000 yuan.

Eight other officials have been arrested on charges of accepting bribes from Guo. The local procuratorate also found that another dozen officials and party members had received cash and gifts from Guo, the mastermind of the scheme.

The investigation is continuing.

HEILONGJIANG SECRETARY AT SNOW FESTIVAL PERFORMANCE

SK060112 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 5 Jan 86

[Text] A theatrical performance for the second snow festival was given at Harbin youth's palace on the evening of 5 January. It was warmly received. Accompanied by leaders of Harbin City, Li Menghua, chairman of the State Physical Culture and Sports Commission; and Sun Weiben, secretary of the provincial CPC Committee zestfully watched the performance. After the performance, they went on stage to have a group photo taken with the performers.

(Yuan Zheng) and (Mu Xuanfu), famous soloists of the Dongfang song and dance troupe, were invited to give a performance.

JILIN GOVERNMENT MEETING ON ARRANGING WORK FOR 1986

SK040748 Changchun Jilin Provincial Service in Mandarin 1030 GMT 3 Jan 86

[Text] On the afternoon of 3 January, the provincial people's government held a meeting with the participation of principal responsible personnel from various commissions, offices, departments, and bureaus under the provincial-level organs to further implement the spirit of the work conference sponsored by the provincial CPC Committee.

At the meeting Governor Gao Dezhan delivered a speech, in which he stated: The commissions, offices, departments, and bureaus of the provincial level organs should do a good job in summing up 1985 work in the manner of seeking truth from facts in line with the spirit of the work conference of the provincial CPC Committee and make arrangements well for 1986 work by displaying the spirit of actively forging ahead in order to achieve new developments in work for 1986 and to forge new levels.

In his speech Comrade Gao Dezhan emphatically pointed out: In summing up 1985 work, we should tell the truth and present actual figures, and in making arrangements for 1986 work we should do practical work and seek practical effects.

In referring to the issue on upgrading the standard of leadership and improving the ideological and work style, Comrade Gao Dezhang stated: Efforts should be made to enhance investigation and study and to upgrade the standard of policy decisions. It is necessary for us to conduct investigation and study in preventing shortcomings in our work concerning leadership, and particularly to adopt a prudent attitude toward the provisions concerning policies. We should strengthen political and ideological work to further straighten out party style and should bring into play the enthusiasm of all cadres through work. Efforts should be made to enhance the work of building the cadre ranks, to improve the quality of these ranks, and to pay attention to upgrading standards in the fields of professions, ideology, and work style.

In line with the responsibility systems enforced on various fronts, a good job should be done in dealing with the problems of seeking personal gain by taking advantage of power. Efforts should be made to concentrate on building personnel contingents on various fronts. Various departments should carry out their administrative work by conducting cooperative activites among them and actively provide harmonious measures for the province's work in order to upgrade work efficiency.

The departments in charge of management should actively do a good job in conducting harmonious work and the departments in charge of comprehensive work should do much work in carrying out their official work in a cooperative manner in order to enable themselves to be enthusiastic, possess initiative, and be positive. Efforts should be made to encourage the leading personnel in various departments to directly discuss their problems and to do a good job in enhancing their own management in order to achieve a comprehensive balance among various fronts. The departments should strengthen the work of adopting policies and carefully writing their documents in order to upgrade the quality of documents issued by the leading organs.

In concluding his speech, Governor Gao Dezhan made concrete arrangements for work in January.

JILIN LEADERS PARTICIPATE IN HARNESSING YITONG HE

SK050411 Changchun Jilin Proviucial Service in Mandarin 2200 GMT 4 Jan 86

[Excerpts] On 4 January, the provincial and Changchun City leaders participated in the work of comprehensively harnessing Yitong He. Participating in labor were the party, government, and Army leaders of the province and Changchun City, office cadres, the PLA units stationed in Changchun, commanders and fighters of the provincial Armed Police Force, and workers, students, and residents in Changchun. Also present were leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress, the provincial government, and the provincial Discipline Inspection Commission, including Gao Di, Gao Dezhan, Wang Zhongyu, Wang Daren, Zhang Shiying, Zhao Xiu, Huo Mingguang, Liu Cikai, Cheng Shengsan, Wua Duo, Cui Lin, Wang Jiren, Zhu Jinghang, Xu Yuancun, Liu Yunzhao, Gao Wen, Liu Shulin, Wang Jinshan, and (Li Demin) as well as the Changchun City CPC Committee and government leaders, including Xiao Chun and Chen Zhenkang, and leading comrades of the provincial milita district, the PLA units stationed in Changchun, and the provincial Armed Police Force such as Chen Xingyin, (Yue Zhonghuan), (Ma Fengton) (Bai Wenzhong), and (Fu Benchun).

QINGHAI COMFORT GROUP SETS OFF FOR DISASTER AREAS

HK061041 Xining Qinghai Provincial Service in Mandarin 2330 GMT 2 Jan 86

[Text] Yesterday morning [2 January], the provincial CPC Committee and provincial people's government held a send-off ceremony in the courtyard of the provincial government to fervently bid farewell to all comrades of the comfort group of the provincial party, government, and Army going to the disaster areas. Leading comrades of the provincial party, government, and Army, including Yin Kesheng, Song Ruixiang, Song Lin, (Su Shujian), and (Lu Baoyun), attended the ceremony.

Yin Kesheng, secretary of the provincial CPC Committee, said to the comrades of the comfort group: [Begin recording] Overall, the losses caused by this snow disaster should be serious. However, due to the hard work and concerted efforts of the people and cadres in the disaster areas, we have scored relatively great achievements in disaster relief work. To consolidate these achievements, to help the people in the disaster areas with development, to make good arrangements for the livelihood of the people in the disaster areas, and to support production in the disaster areas next year [as heard], the comfort group must on the one hand convey the concern of the CPC Central Committee and State Council and on the other, show concern for the people in the disaster areas on behalf of our provincial CPC Committee and provincial people's government. Moreover, it must understand the specific situation of the disaster areas and consult the masses in the disaster areas. In this period of giving relief until May next year [as heard], we must consult them about production next year [as heard]. In winter, we shall surely encounter many difficulties. We must bear hardships and work hard. I hope that the comrades will work hard. On behalf of the provincial CPC Committee and provincial people's government, I wish the comrades in the disaster areas good health. [end recording]

When the comrades of the comfort group of the provincial party, government, and Army were about to set out, cadres of the organs of the provincial government beat drums and gongs and set off firecrackers.

The comfort group of the provincial party, government, and Army will be divided into five subgroups, which will go to Qumarleb, Zadoi, Zhidoi, and Madoi Counties and the Tanggula Shan Region to pay comfort visits and to help with work.

Prior to departure, Han Yinxuan, head of the provincial general comfort group, said to the reporters: [Begin recording] All comrades of our comfort group will convey the concern of the CPC Central Committee, State Council, provincial CPC Committee, provincial government, provincial People's Congress, provincial CPPCC Committee, and Qinghai Military District to the people in the disaster areas. We will establish the idea of combating the disaster for a long period of time, carry out the struggle against the disaster to the end, and strive for the final victory. [end recording].

RURAL JUVENILE DELINQUENCY INCREASING ON MAINLAND

OW070405 Taipei CNA in English 0242 GMT 7 Jan 86

[Text] Taipei, Jan. 6 (CNA) -- Juvenile delinquency has become a very serious problem in mainland China, especially in the rural areas, informed sources said in Taipei Monday. Before 1979, the sources said, most of the juvenile delinquency cases occurred in the cities. However, youths living in rural areas have committed more crimes than their counterparts in big cities since 1982, the sources said.

Analyzing the reasons for the increasing juvenile delinquency, the sourses said that the "new agricultural production system" is the first to blame for the worsening situation on the mainland. The problem has become a blight upon Communist Chinese leaders, who had in the past boasted of the success of their agricultural policies. The sources said that the new production system, which turned every farming family to an independent production unit, has made the relations among farmers very tense and has caused many disputes among them.

The situation in rural areas is nearly out of Peiping's control because it usually excluded farming villages from anti-crime operations, the sources said. Moreover, the ubiquitous availability of pornographic publications, videotapes or those featuring violent crimes have been powerfully suggestive to young people, the sources added.

PRESIDENT CHIANG'S NEW YEARS DAY MESSAGE

OW061100 Taipei CHINA POST in English 1 Jan 86 p 1

["Text" of President Chiang's New Years Day message to the nation issued on 1 January 1986]

[Text] Dear Fellow Countrymen: Today is the 74th founding anniversary of the Republic of China. On this joyous and peaceful New Year's Day here in this bastion of national revival, our people are exuberant and prosperous. This is symbolic of the affluence of a society of the Three Principles of the People. It also reflects our full confidence in winning the anti-Communist struggle and our assurance of the bright future of our national development!

Freedom, equality, and equitable distribution of wealth -- the ideals of the Three Principles of the People -- are the goals the Republic of China has been striving for since Dr. Sun Yat-sen founded the Republic. Today, with the obvious contrast of our stability against the enemy's instability on the other side of the Taiwan Straits, we recognize even more that only through the realization of the Three Principles of the People in all China will the China problem be fundamentally resolved and will permament world peace be approached. Therefore, we must constantly remind ourselves of the need for our relentless endeavor to create the future of China and to accomplish the aspirations of the Chinese people!

My dear fellow countrymen, although we are not living in ordinary times, our direction of progress has never deviated from constitutional democracy based on the Three Principles of the People. Because we are well aware of the keen expectations of our compatriots at home and abroad as well as of our grave responsibilities no matter how the situation may change, we will continue to press forward to advance democracy and the rule of law. This is the foundation on which our Constitution and our Republic are based. It is also our most fundamental commitment to the country and the people. I sincerely hope that our compatriots will closely bear this in mind. As long as we are honest, sefless, open-minded and devoted in a concerted effort, we will be able to overcome every obstacle, gain our victory against the communists and recover the mainland!

Our efforts over the past 30 years in this bastion of national revival have paved the way for national modernization. It proves that the Chinese, under a free and democratic system, can shine gloriously. Certainly, we should not be complacent or fail to anticipate future difficulties and challenges. As we all know, a step of progress here means a step closer to mainland recovery. Henceforth, under the general guideline that our constitutional democracy must be upheld, we shall accelerate economic development through more liberal measures, promote cultural and technological development in more concrete ways, and enhance social solidarity and harmony in earnest. In so doing, we can rally every anti-Communist force to accomplish the sacred mission of reunifying China under the Three Principles of the People at an early date.

A bright tomorrow depends on today's efforts. The beginning of a new year is not only a time to celebrate and to rejoice, but also a time to look ahead and to exert ourselves. Let us take the accomplishments so far as a starting point to strive ever harder for a tomorrow full of hopes. And let us all join and acclaim:

Long Live the Three Principles of the People!

Long Live the Republic of China!

PREMIER URGES VIGILANCE AGAINST COMMUNIST TRICKS

OW031233 Taipei CNA in English 0943 GMT 3 Jan 86

[Text] Taipei, Jan. 3 (CNA) -- Premier Yu Kuo-hwa said Friday the Republic of China had had some noticeable accomplishment as well as unfortunate incidents in the past 12 months.

Speaking at a New Year gathering of the Kuomintang, Yu called on the nation to remain vigilant about Peiping's united front tactics while beefing up defense capabilities. He said he felt painful about some major scandals in an obvious reference to the involvement of ranking military officers in the Henry Liu case and the Tenth Credit Cooperative's loan racket. He also lamented the persistence of violent crimes, the rampancy of juvenile delinquency and deficiency in social harmony.

On the bright side, the premier lauded the outpouring of sympathy and manifestation of selflessness by the people on many occasions. He also noted that the people's living standard has continued to improve. Last year, car ownership rose to 7.3 units per 100 persons, tap water supply reached 82.1 percent of the households, and per family electricity consumption increased to 58.4 kWh per month.

While the 4.7-percent economic growth last year was far from satisfactory, it still excelled that in most industrialized countries, the premier pointed out. In foreign trade, the Republic of China now ranks 16th in the world with a favorable balance exceeding U.S. dlrs 10 billion.

As the success of the Republic of China poses a threat to the survival of the communist system on the mainland, Peiping is trying to conquer Taiwan without firing a shot in anger by threatening the use of force on the one hand and isolating the Republic of China internationally and sowing discord in Taiwan, Yu said. Therefore, he added, the people must support the government to thwart Peiping's tricks besides strengthening military preparedness for the sake of national security.

CHENG MING SAYS CPC TO DEAL WITH SPECIAL ZONES

HK070148 Hong Kong CHENG MING in Chinese No 99, 1 Jan 86, pp 13-14

[Article by Chen Mien: "Beijing To Solve Issues Concerning Special Economic Zones"]

[Text] Issues concerning the special economic zones have puzzled the CPC for quite a while. After the National Conference of Party Delegates in September, the CPC should have been able to have some time and energy to solve these issues. However, just like unexpected obtruders bouncing in halfway, the 18 September and 9 December campus upheavals disrupted many of the CPC's work arrangements. At present, the campus upheavals have passed, so the issues concerning the special economic zones have been put on the agenda of the CPC Central Committee. According to a reliable source, one of the focal points of the CPC's economic work in the first half of 1986 was to solve the issues concerning the special economic zones. The same source also disclosed that at the end of January 1986, senior officials will have a meeting in Guangzhou to study and determine the orientation of the economies of the special economic zones. By then, the leading figures of the CPC Central Committee will all be present.

The problem with Shenzhen is that the state had invested too much money in Shenzhen, while the money it now earns is from the interior. The way out for Shenzhen is to sell its products to foreign countries rather than to the interior and make its industries become open, export-oriented and capable of earning foreign exchange through exports and introducing advanced technology and management.

Earning foreign exchange through exports can not be achieved overnight. It took Hong Kong over 30 years to become what it is. How is it possible for the Shenzhen Special Economic Zone to have a meteoric rise in just a few years? Cadres in Shenzhen generally do not have very much confidence in it. Moreover, the central government has already reduced its investment so Shenzhen can not attain this wish by itself alone or with all the human and financial resources in Guangdong Province.

Since special economic zones were set up by reformers and their success or failure is a matter of life or death for them, they will not give up easily. Therefore, after securing the succession of "the third echelon" to the leadership (in the National Conference of Party Delegates) and averting the campus upheavals in Beijing, it should be the right time to crack the hard nut of the special economic zones.

The Comeback of the Special Economic Zone Policy

Recently, cadres in Guangdong Province were once again in a light mood. In particular, the cadres in Shenzhen and Hainan Island have begun to jump for joy, as two gratifying things happened recently. First, at a recent conference called by the provincial CPC Committee, Liang Xiang, the former mayor of Shenzhen (and the current deputy governor of Guangdong Province and CPC secretary of Shenzhen City), fully affirmed the achievements of the Shenzhen Special Economic Zone. People hold that this shows that although he was dismissed from office (as mayor of Shenzhen), he has not compromised and agreed that the crises confronting the special economic zones were caused by wrong special economic zone policies. Some people hold that this meeting of Guangdong Province is a preliminary meeting for the meeting of the central authorities in January.

Second, recently, Gu Mu made a work tour of Hainan Island and delivered a heartening speech. He affirmed the achievements of the work of Hainan in the past and declared that the policy of opening up to the outside world for Hainan Island would be resumed.

When this heartening news was released, the people in Hainan Island were overjoyed and prepared to go all out. Of course, like a patient who just recovered from a serious illness, the cadres in Hainan Island become clear-headed and know that this special policy is not an easy thing to get. It is believed that they will draw a lesson from the "car rush," carry out economic activities within the scope of the law and policy, and really, earnestly build Hainan in a down-to-earth way.

Lei Yu Has Been Quite Well Since He Left Hainan

What fate will Lei Yu meet? This is one of the most noticeable questions concerning Hainan Island. After he was dismissed from office, it was said at the time that he would be appointed deputy secretary of the county party committee in Huaxian or Shanshui. But he did not actually take this position. He recently went to study at the Central Party School. The department concerned intended him to take an official post in Beijing after his studies at the party school ended, but this official post will not be higher than Lei Yu's original post -- director of the Hainan Administrative Office (which is at the vice provincial level governor). However, the masses and cadres in Hainan are planning to present a petition to the central authorities to plead for Lei Yu. As a matter of fact, the CPC top leadership understands Lei Yu's practice in Hainan. Gu Mu made it plain in his recent speech. Hainan is indeed too poor. Without taking some very special measures, as Lei Yu thought and did, it would not be possible for Hainan to change its backward conditions in a short period. As long as Lei Yu did not line his pockets in the "car rush," he should be rehabilitated.

In the past few months, in order to "choke" the political life out of Lei Yu, his political rivals have tried by every means to collect evidence against him. They wanted to prove that Lei Yu had gotten private gains from the "car rush." They even spread rumors that they had found evidence of Lei Yu's corruption. A Hong Kong magazine also helped spread these rumors and carried articles attacking Lei.

However, facts have proved that Lei Yu is honest and incorrupt. Those people who hate Lei Yu may be disappoined at facing these facts. Gu Mu did not mention this point in his speech in Hainan, but a cadre engaged in organizational work in Guangzhou said that Lei Yu's case may remind reformers that it is not enough for them to be enthusiastic about reforms and opening up; they must also be honest and incorrupt. Only thus can they be in an invincible position in the course of reform.

A Top-Secret Document About Restraining the Import of Japanese Goods

Apart from the policies for the special economic zones, the policies for import and export trade, especially for the import of new technologies and equipment, have also been readjusted. The purpose of these readjustments is to continue to keep China open to the outside world.

In order to appease the anti-Japanese sentiment at home and to reverse the unfavorable balance of payments in trade with Japan, the central authorities recently issued a "red-headed" top-secret document, which stipulates that beginning 1 January 1986, no Japanese industrial goods for daily use, including television sets and cassette recorders, will be allowed to be imported.

Another document laid down some principles for doing business with foreign companies. For example, new technologies imported from abroad must be those urgently needed and not available domestically, and their prices must be reasonable, and the import of those not urgently needed will not be permitted. Before importing new products and technologies from abroad, the importing units should first investigate the international market to find out the average price and sale conditions of these products and technologies.

Then, they should submit import applications to the central departments concerned for approval. When buying new products produced with imported equipment, the user units should pay foreign exchange to the domestic producers. For example, each year the state appropriates some foreign exchange for art units to import top quality video and audio tapes. Now some domestic enterprises have imported new equipment to produce these quality goods. If the art units buy the tapes from these domestic manufacturers, they should also pay for them with foreign exchange.

The restrictions on export trade are more relaxed than those on imports. The documents also contain specific stipulations on exports. For example, the export of such goods as corn, rabbit fur, and valuable herb medicines, in great demand on that international market, must be approved by the central department concerned; and the export of weapons and war materiels must be approved by the Ministry of Foreign Affairs and the Ministry of National Defense. The export of other goods should be approved by the foreign trade department at the provincial level.

The Special Economic Zone Will Not Be Subordinate to Guangdong Province

As mentioned above, the special economic zones hold an important position in foreign trade. In recent months, as cadres engaged in political work were busy going to schools to give advice to students, many economic cadres gathered quietly in Shenzhen. Shenzhen is subordinate to Guangdong Province in terms of administration, but the local government in Shenzhen cannot bring all economic affairs in this special economic zone under its control. For example, the general Administration of Civil Aviation has set up 36 enterprises in Shenzhen. Therefore, when the special economic zone ran into trouble, various economic departments at the central level were also involved. Since October, many central departments have sent work groups to make investigations in Shenzhen. In early November, the State Council sent several economic experts to find out about the situation in Shenzhen; and in December, Gu Mu personally went south to Shenzhen to inspect work.

All this was intended to pave the way for the conference on the work of special economic zones to be held by the central authorities in Guangzhou in early 1986. It is said that Guangzhou rather than Shenzhen was selected as the meeting place, because the authorities concerned did not want to embarrass the Shenzhen cadres. It is said that Shenzhen will no longer be a "special economic zone of Guangdong Province," but will be a "special economic zone of the whole country." The top leadership of Shenzhen has been changed several times in the past. From Wu Nansheng to Liang Xiang, the principal leaders were all appointed by Guangdong Province. However, the appointment of Li Hao by the State Council to be Shenzhen mayor shows that the special economic zone will be directly subordinate to the state.

In early November, 18 central departments held a meeting in Shenzhen to discuss the development of outwardly-oriented industries in the special economic zone. The meeting emphasized that making the special economic zones a success is not the task of a province; the affairs of the special economic zones concern the whole country. So all industries and trades should show concern for the special economic zones and support construction in the special economic zones. After the meeting, Chen Muhua also said that the whole country should give financial support to the special economic zones.

All this shows that 1 year after the central authorities stopped giving financial support to Shenzhen, they will soon restore financial support to Shenzhen. In early 1985, the reformers were in a very difficult position as there was a nationwide economic crisis, and they were forced to reduce investment.

Now, after reviewing the policies for the special economic zones, they found that "the special economic zones will benefit the whole country" rather than that "the special economic zones have profited at the expense of other areas of the country." This will be a new starting point for China's special economic zones. Although it is still too early to draw any conclusion before the opening of the conference to be held by the central authorities on the special economic zone work, many indications have shown that this conference will be a sign of victory for the reformers.

YU QIULI DISCUSSES PLA OFFICER PROBLEMS

HK060641 Hong Kong MING PAO in Chinese 6 Jan 86 p 5

["Special Dispatch From Guangzhou": "Yu Qiuli Points Out in Guangzhou That Army Officer Quality Urgently Needs Improvement"]

[Text] The PLA will make efforts in three respects -- putting the officer system on a sound basis, improving officer quality, and building the leadership groups well -- to strengthen the building of the officer contingent. This was recently pointed out by General Political Department Director Yu Qiuli in a speech to Guangzhou Military Region. At an enlarged meeting of the Guangzhou Military Region CPC Committee and a meeting of secretaries of CPC committees of three levels held on 21 December, Yu Qiuli gave the following four views on strengthening the building of the PLA officer contingent:

1. Do a good job of work concerning officers. The main thing in PLA streamlining and reorganization work is to carry out work concerning the officers. It is imperative to do a good job of work to stabilize mentally those officers remaining in the Army. We should enable them all to understand the great significance of making a success of building the Army and stimulate their sense of responsibility for defending the country; and we must strengthen management and make proper arrangements for resettling those officers who are surplus to requirements. The leaders must treat as equals those officers who are still required and those who are surplus to requirements, showing equal concern for them politically, setting them the same demands in study, giving them equal living conditions, and setting them equally strict disciplinary standards.

2. Put the Army officer system on a sound basis. An important future task is to continue to put the officer system on a sound basis, to ensure that there are rules and regulations to follow in Army personnel work and that the work gradually becomes systematized. This is the requirement of stabilizing the Army officer contingent and strengthening its building. The general demand and principle is that the work must help to make the officer contingent more revolutionary, younger in average age, better educated, and more professionally competent; it must help with discovering and making rational use of talented people; it must help to mobilize the enthusiasm and creativity of the whole officer body; and it must help in maintaining stability and continuity in the units.

3. Improve the quality of the officers. Building a modern Army requires modern arms and equipment and also requires officers with a high level of political awareness who are capable of mastering advanced military technology, of handling modern units, and of commanding in modern war. It is impossible to achieve modernization of the Army without an officer contingent with both ability and political integrity and of high quality in all respects. And at present some of the officers, and in particular a considerable number of officers of organs at or below Army level and basic-level officers, are of rather poor quality. We must therefore focus on solving three problems: 1) improving political quality; 2) improving military quality; 3) cultivating good work style.

4. Do a good job in building the leadership groups. This is the most important thing in building the officer contingent. At present we must regard improving work style and straightening out party style as the primary tasks in building the leadership groups at all levels. Yu Qiuli particularly pointed out when discussing party style that there are indeed phenomena of rottenness and rotten elements in the Army, and there are many problems in its party style.

BEIJING SAID SUFFERING FROM 'HONG KONG PHOBIA'

HK060647 Hong Kong CHENG MING in Chinese No 99, 1 Jan 86 pp 10-11

[Article by Lo Ping: "Beijing Officials Have a Bad Dose of Hong Kong Phobia"]

[Text] Three Central Committee Members-Directors Will "Leave Office" One After Another

"Three Central Committee members-directors will 'leave office' one after another." This is a rumor spreading in Beijing's cultural circles. The so-called "three Central Committee members-directors" are Qin Chuan, director of RENMIN RIBAO; Zhu Muzhi, former director of XINHUA NEWS AGENCY and minister of culture; and Xu Jiatun, director of XINHUA NEWS AGENCY's Hong Kong branch. Qin is a CPC Central Committee member, while Zhu and Xu are members of the Central Advisory Commission.

Qin Chuan takes a rather relaxed attitude when handling things. Though about 70, he is healthy. But it has only been about 2 years since he took over the post of director from Hu Jiwei. Why is it that he will "leave office" soon? Will it be for undisclosed reasons? (Editor's note: According to reports from foreign news agencies on 24 December 1985, Qin Chuan's post of director will be taken over by the deputy director of the International Liaison Department.)

Minister of Culture Will Be Replaced

Ideologically, Zhu Muzhi inclines relatively toward the "left" and he is not very competent. Therefore, people in cultural circles have lots of complaints about him. It is almost certain that his leaving the office of minister of culture, will be to the immense satisfaction of these people. It is learned that the CPC Central Secretariat has prepared a preliminary namelist of candidates for the position. One of the candidates is Xu Huaizhong, whose work "A Relentless Lover" has been revised and made into a movie starring Liu Xiaoqing. In 1975, Xu was treated as a rightist. His career was therefore full of hardship. He has an amiable disposition and thus, he was easily accepted by various parties in the process of redistributing power. However, there are several candidates "vying with each other" for minister of culture.

What Is the Reason for Transferring Xu Jiatun Back to Beijing?

I am much concerned about the future arrangements for Xu Jiatun, director of XINHUA NEWS AGENCY Hong Kong branch. It is learned that Xu Jiatun will not "leave office" within the next few months but probably in a year from now. This is because it is not easy to find an appropriate successor for him. Though some people recommended Qiao Zonghuai, son of Qiao Guanhua, an alternate member of the CPC Central Committee and deputy secretary general of XINHUA NEWS AGENCY Hong Kong branch, it seems that this is not the right moment.

"What is the reason for transferring Xu Jiatun back?" I asked a friend whose work concerns foreign affairs: "Is it because his recent remarks were wrong? The remarks about 'some people not following the joint declaration,' which were made in Hong Kong."

"To a certain extent, the remarks were right; and to another, they were wrong. The remarks were 'right' because Deng Xiaoping had made similar statements; and the remarks were 'wrong' because of the circumstances and way in which they were made.

"Xu Jiatun opposes the British Hong Kong Government's system of representative government. Is it not in keeping with the requirements of the CPC Central Committee?"

Confidential Document Reveals Attitude of Communist China

"Yes. A document marked 'confidential' carries the remarks of senior member of the XINHUA NEWS AGENCY Hong Kong branch. He said: "The struggle during the 12-year transition period will be a very complicated one. The British Hong Kong Government plans to realize the goal that, after 1997, there will be 'British people ruling Hong Kong' without the British presence." This is of course a representative view -- it first represents the attitude taken by XINHUA NEWS AGENCY Hong Kong branch. Nobody disagreed on the document following its release. Therefore, we can see that this is also the viewpoint of the CPC Central Committee. The so-called "British people ruling Hong Kong" without the British presence means that, by 1997, Hong Kong will have an independent political power or a pro-British government. Since Communist China has such a belief, it opposes any "great change" during the transition period; opposes any reform of the political system, and opposes the establishment of representative government; so as to prevent the British people from realizing their political goal."

Is a Pro-British Government a Fearful Thing?

I asked, "What is your personal opinion?"

"It will of course be a bad thing if there is a really pro-British government left in 1997. But there is nothing to be afraid of, except that, by that time, China will not have solved its own problems. From my point of view, there are two categories of people who are enthusiastic for reform of the political system. One group is of course the pro-British people, and the other comprises those who really want democracy. Of course, the democratic political system pursued by this category of people contains the element of 'resisting communism through democracy.' But if our Communist Party really serves the people and really improves the livelihood, from spiritual to material life, of people living in mainland China, why should the people of Hong Kong resist us? Even though there is a really pro-British government left at that time, the people of Hong Kong will not be inclined toward the British without case or reason, because they are basically Chinese. Even though the government is inclined toward the British in its first term, it will change its stand in the second or third term. I believe that, if conditions allow, it is not bad for Hong Kong to pursue democracy. This may well provide us with experiences worth drawing upon by mainland China in future."

The Worry of "Being Modeled on Hong Kong"

This is very open-minded thinking. However, many friends in Beijing believe that at present, there is a serious degree of xenophobia among some cadres. They are worried that one day mainland China will "be modeled on Hong Kong." They are worried that by the time we resume sovereignty over Hong Kong, we shall have "a Shenzhen which is modeled on Hong Kong, a Guangdong which is modeled on Shenzhen, a whole country which is modeled on Guangdong."

That is , by the time mainland China regains sovereignty over Hong Kong; it will follow the path of Hong kong.

Their worry of "being modeled on Hong Kong" has infected the principal leaders of Communist China with "Hong Kong phobia" and has made them develop the strategy of "resisting Hong Kong." "Hong Kong phobia" means that they are afraid of "pollution" from Hong Kong, and the things that they "resist" are Hong Kong influences.

The case of Hu Qiaomu is the most typical one in this respect. He had written Xi Zhongxun and Hu Qili letters in which he mentioned the Hong Kong issue. Hu Qiaomu said: "At present, there are many magazines using the name of Taiwan publications, as well as other publications of vulgar interests, on the newsstands of Beijing. They have all become so popular that their pernicious influence has spread widely. Therefore, we can think about the situation of the country as a whole. In fact, this has helped those people who cherish the dream of making mainland China model itself on Hong Kong and Taiwan. Thus, we should pay close attention to the matter."

We Must "Influence Hong Kong by Using Socialism"

Hu Qiaomu did not clarify whom "those people" refers to. He only said: In order to achieve the reunification of the motherland, we should strengthen our work concerning Hong Kong and Taiwan, including the tasks of communicating information and conducting normal cultural exchanges. However, we must keep a sober mind and realize that in terms of ideology, there is an issue of influencing the other party concerning us on the one hand, and Hong Kong and Taiwan on the other. Are we going to influence Hong Kong and Taiwan by using socialist thinking and patriotism, or are we to allow the corrupt bourgeois thinking and lifestyle to influence us through Hong Kong and Taiwan? Our answer can only be the former.

Hu Qiaomu's Remarks Reveal a Secret

The remarks have revealed a secret, and that is that the leaders of Communist China have formulated the strategy of "resisting Hong Kong by using socialism." On the one hand, some people advocate the practice of "resisting communism through democracy;" and on the other, some people advocate the practice of "resisting Hong Kong by using socialism." It is really a tit-for-tat situation. Hu Qiaomu is "the most authorative theorist" in the CPC and one of the members of Deng Xiaoping's thinktank. On the issue of Hong Kong, I am afraid that Hu Qiaomu is not only the "spokesman" of the conservatives but also of the reformers. From Hu Qiaomu's remarks, we can see the sincerity of Communist China in maintaining the Hong Kong capitalist system after 1997. Perhaps we may assume that it cherishes sincerity, and also complete enthusiasm. But since they never forget the practice of "influencing Hong Kong by using socialist thinking and patriotism (actually, the doctrine of loving the party)," can they unswervingly follow the original principles and policies?

Export Socialism to Hong Kong

Perhaps some people may say that Hu Qiaomu is just Hu Qiaomu, and cannot represent the CPC Central Committee. But it is not the case that Hu Qiaomu was infected with "Hong Kong phobia" or conceived the plan of "resisting Hong Kong influences" only recently. As early as 1982 when the CPC Central Committee decided to resume sovereignty over Hong Kong, which decision was not made public, Hu Yaobang and others made similar remarks at an important closed meeting:

We are now facing the bourgeoisie of Hong Kong, Macao, Taiwan and overseas. They want to erode and corrupt our ranks and have even said that they will model Guangdong on Hong Kong. We must struggle against them. At present, however, they (except those few who run joint enterprises with us) are not under the jurisdiction of PRC sovereignty. We cannot deal with them in the same way that we treated the national bourgeoisie in 1952. For this reason, this is a long-term struggle.

The "struggle" that Hu Qiaomu referred to is the class struggle. The "influence" mentioned in his letter to Xi Zhongxun and Hu Qili is a part of the "struggle." If the decision-makers of the CPC Central Committee took Hu Qiaomu's remarks, which were made 3 years ago, as "sheer nonsense," how can he uphold this kind of thinking at this time?

Background on Why Xu Jiatun Banged on the Table With His Glasses

When we understand this, it will be easily understood why the male Mona Lisa, Xu Jiatun, suddenly stopped smiling, banged on the table with his glasses, and said angrily that some people "do not follow the joint declaration." Is this not the so-called "struggle" mentioned by Hu Qiaomu?

China wants to maintain the prosperity and stability of Hong Kong, and wants Hong Kong to import socialist thinking (including the pattern of "electing among the members" the executive committee chairman, vice chairmen and secretary general of the Basic Law Consultative Committee, as well as the whole concept of the "party's leadership") and the class struggle. Is this not an uncompromising contradiction?

From the astonishing remarks of Xu Jiatun, to the visit of Ji Pengfei to Hong Kong, and the statements of Hu Qiaomu on the issue of Hong Kong, people can see that the Communist Chinese have a bad dose of "Hong Kong phobia." What follows will be the strengthening of "socialist and patriotic influences." If this is the case, how many days are left for Hong Kong on the edge of the Pacific Ocean?